

FEB 25 1971  
Place On Calendar:

HOUSE FILE 334

By COMMITTEE ON COUNTY GOVERNMENT  
(Committee on County Government)

Passed House, Date 3-2-71 Passed Senate, Date 3-22-71

Vote: Ayes 76 Nays 10 Vote: Ayes 45 Nays 0

Approved April 15, 1971

*Passed House as amended by  
Senate 5-25-71  
ayes 88, nays 0*

# A BILL FOR

1 An Act relating to deposit and investment of public funds.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section four hundred fifty-two point ten  
2 (452.10), Code 1971, as amended by section one (1) of House  
3 File eighty-six (86) of the Sixty-fourth General Assembly,  
4 First Session, is amended as follows:

5 452.10 CUSTODY OF PUBLIC FUNDS--INVESTMENT OR DEPOSIT.  
6 The treasurer of state and the treasurer of each political  
7 subdivision shall at all times keep all funds coming into  
8 their possession as public money, in a vault or safe, to be  
9 provided for that purpose, or in some bank legally designated  
10 as a depository for such funds. However, the treasurer of  
11 state and the treasurer of each political subdivision shall  
12 invest, unless otherwise provided, any of the public funds  
13 not currently needed for operating expenses in notes,  
14 certificates, bonds, or other evidences of indebtedness which  
15 are obligations of or guaranteed by the United States of  
16 America or any of its agencies; or make time deposits of such  
17 funds in banks as provided in chapter 453 and receive time  
18 certificates of deposit therefor; or in savings accounts in  
19 banks. The treasurer of state may invest any of the funds  
20 in his custody in any of the investments authorized for the  
21 Iowa public employees' retirement system in section 97B.7,  
22 subsection 2, paragraph b.

23 Sec. 2. Section four hundred fifty-three point five  
24 (453.5), Code 1971, as amended by section two (2) of House  
25 File eighty-six (86) of the Sixty-fourth General Assembly,  
26 First Session, is amended as follows:

27 453.5 REFUSAL OF DEPOSITS--PROCEDURE. If none of the  
28 duly approved banks will accept said deposits under the  
29 conditions herein prescribed or authorized, said funds may  
30 be deposited in any approved bank or banks conveniently located  
31 within the state.

32 If a governmental unit makes in writing to all qualified,  
33 approved depositories a bona fide proffer to deposit public  
34 funds either in a savings account, or in a time certificate  
35 of deposit, ~~for some period extending from ninety days to~~

1 ~~one-year-with-the-privilege-of-renewal-if-mutually-desired,~~  
2 and such proffer is not then accepted, then and only then  
3 may such governmental unit invest such funds so declined in  
4 ~~interest-bearing-notes, certificates or bonds of the United~~  
5 States, bonds or other evidences of indebtedness issued,  
6 assumed, or guaranteed by the United States of America or  
7 by any agency or instrumentality thereof, but these provisions  
8 shall not affect the investment of funds as provided in  
9 sections 453.9 and 453.10.

10 Public funds which cannot be deposited for periods of at  
11 least ninety days may be invested in notes, certificates,  
12 bonds, or other obligations of the United States or any of  
13 its agencies, as provided in section four hundred fifty-two  
14 point ten (452.10) of the Code.

15 In addition to the investments herein authorized, the  
16 treasurer of state may invest in any of the investments  
17 authorized for the Iowa public employees' retirement system  
18 in section 97B.7, subsection 2, paragraph b.

19 Sec. 3. Section four hundred fifty-three point nine  
20 (453.9), Code 1971, is amended as follows:

21 453.9 INVESTMENT OF SINKING FUNDS. The governing council  
22 or board who by law are authorized to direct the depositing  
23 of funds shall be authorized to direct the treasurer to invest  
24 any fund not an active fund needed for current use and which  
25 is being accumulated as a sinking fund for a definite purpose,  
26 the interest ~~of~~ on which is used for the same purpose, in  
27 savings accounts in banks, in the certificates or warrants  
28 provided by section 454.19, or make time deposits of such  
29 funds as provided in this chapter and receive time certi-  
30 ficates of deposit therefor, ~~or in United States government~~  
31 bonds, or in bonds or other evidences of indebtedness issued,  
32 assumed, or guaranteed by the United States of America, or  
33 by any agency or instrumentality thereof, or in local certifi-  
34 cates or warrants issued by any municipality or school district  
35 within the county, or in municipal or school district bonds

1 which constitute a general liability, and the treasurer when  
2 so directed shall so invest such fund.

3 The treasurer of state may invest in any of the investments  
4 authorized for the Iowa public employees' retirement system  
5 in section 97B.7, subsection 2, paragraph b.

6 Sec. 4. Section four hundred fifty-three point ten  
7 (453.10), Code 1971, is amended as follows:

8 453.10 INVESTMENT OF FUNDS CREATED BY ELECTION. The  
9 governing council or board, who by the law have control of  
10 any fund created by direct vote of the people, may invest  
11 any portion thereof not currently needed, in United-States  
12 government bonds or other evidences of indebtedness issued,  
13 assumed, or guaranteed by the United States of America, or  
14 by any agency or instrumentality thereof, or make time deposits  
15 of such funds as-provided-in-this-chapter and receive time  
16 certificates of deposit therefor, or in savings accounts.  
17 The treasurer of state may invest in any of the investments  
18 authorized for the Iowa public employees' retirement system  
19 in section 97B.7, subsection 2, paragraph b. Interest or  
20 earnings on such funds shall be credited as provided in  
21 subsection 2 of section 453.7.

22 Sec. 5. Section four hundred fifty-four point five (454.5),  
23 Code 1971, is amended by striking the section and inserting  
24 in lieu thereof the following:

25 454.5 INVESTMENT OF FUNDS. All above a necessary working  
26 balance shall be invested by the treasurer of state in bonds  
27 or other evidences of indebtedness issued, assumed, or  
28 guaranteed by the United States of America or by any agency  
29 or instrumentality thereof, or in any of the investments  
30 authorized for the Iowa public employees' retirement system  
31 in section ninety-seven B point seven (97B.7), subsection  
32 two (2), paragraph b.

33 Sec. 6. Section three hundred two point twenty (302.20),  
34 Code 1971, is amended by striking the section and inserting  
35 in lieu thereof the following:

1       302.20 INVESTMENT. The permanent school fund which is,  
2 at any time, in the custody of the treasurer of state, shall  
3 be invested as follows:

4       1. In bonds or other evidences of indebtedness issued,  
5 assumed, or guaranteed by the United States of America, or  
6 by any agency or instrumentality thereof.

7       2. In bonds, or other evidences of indebtedness of the  
8 state of Iowa, or of any school district, county, township,  
9 city, town or other political subdivision of the state of  
10 Iowa which are issued pursuant to law.

11       3. In savings accounts or in time deposits in Iowa banks  
12 approved as depositories by the executive council.

13       4. In any investments authorized for the Iowa public  
14 employees' retirement system in section ninety-seven B point  
15 seven (97B.7), subsection two (2), paragraph b of the Code.

16       Sec. 7. Section thirty-five point two (35.2), Code 1971,  
17 is amended by striking the section and inserting in lieu  
18 thereof the following:

19       35.2 INVESTMENT OF BONUS AND DISABILITY FUND. The  
20 treasurer of state shall invest such portions of the additional  
21 bonus and disability fund created by section eight (8), chapter  
22 three hundred thirty-two (332), Acts of the Thirty-ninth  
23 General Assembly, not needed for current payments awarded  
24 by the bonus board.

25       Sec. 8. Section thirty-five point three (35.3), Code 1971,  
26 is amended by striking the section and inserting in lieu  
27 thereof the following:

28       35.3 CHOICE OF INVESTMENTS. The treasurer of state shall  
29 invest in bonds or other evidences of indebtedness issued,  
30 assumed, or guaranteed by the United States of America, by  
31 any agency or instrumentality thereof, or by the state of  
32 Iowa, or any investment authorized for the Iowa public  
33 employees' retirement system in section ninety-seven B point  
34 seven (97B.7), subsection two (2), paragraph b of the Code.

35       Sec. 9. Section ninety-seven A point seven (97A.7),

1 subsection two (2), Code 1971, is amended by striking the  
2 subsection and inserting in lieu thereof the following:

3 2. The several funds created by this chapter may be  
4 invested in:

5 a. Bonds or other evidences of indebtedness issued,  
6 assumed, or guaranteed by the United States of America, or  
7 by any agency or instrumentality thereof.

8 b. In savings accounts or time deposits in Iowa banks  
9 approved as depositories by the executive council.

10 c. In any investments authorized for the Iowa public  
11 employees' retirement system in section ninety-seven B point  
12 seven (97B.7), subsection two (2), paragraph b of the Code.

13 Sec. 10. Section ninety-seven A point seven (97A.7),  
14 subsection one (1), Code 1971, is amended by adding the  
15 following new paragraph:

16 "The board of trustees may authorize the treasurer of state  
17 to exercise any of the duties of this section. When so  
18 authorized the treasurer of state shall report any transactions  
19 to the board of trustees at its next monthly meeting."

20 Sec. 11. Section six hundred five A point eleven (605A.11),  
21 Code 1971, is amended as follows:

22 605A.11 INVESTMENT OF FUND. So much of the judicial  
23 retirement fund as may not be necessary to be kept on hand  
24 for the making of disbursements under this chapter shall be  
25 invested by the state treasurer of state in securities of  
26 the-United-States-government bonds or other evidences of  
27 indebtedness issued, assumed, or guaranteed by the United  
28 States of America, or by any agency or instrumentality thereof  
29 or in any investments authorized for the Iowa public  
30 employees' retirement system in section 97B.7, subsection  
31 2, paragraph b, and the earnings therefrom shall be credited  
32 to said fund.

33 EXPLANATION

34 House File 86, previously passed by the House and Senate,  
35 did not go far enough in clarifying investment authority and

1 procedures for treasurers. Removal of the "ninety-days to  
2 one year" restriction on time deposits will permit state banks  
3 to do what National banks already can do and have been doing  
4 under federal regulations and permit deposit of public funds  
5 in banks on the same basis as private funds. The treasurer  
6 of state would have more flexibility to invest in federal  
7 government and "agency" securities to maximize investment  
8 return for various funds in his custody. The investments  
9 now authorized for IPERS would be permitted for other state  
10 funds.

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Senate 3  
March 10, 1971

HOUSE FILE 334

- 1 Amend House 334 as follows:  
2 1. Page 2, line 22, by inserting after the letter "b"  
3 the words "except that investment in common stocks shall  
4 not be permitted".  
5 2. Page 3, line 18, by inserting after the letter "b"  
6 the words "except that investment in common stocks shall  
7 not be permitted".  
8 3. Page 4, line 5, by inserting after the letter "b" the  
9 words "except that investment in common stocks shall not be  
10 permitted".  
11 4. Page 4, line 19, by inserting after the letter "b" the  
12 words "except that investment in common stocks shall not  
13 be permitted".  
14 5. Page 4, line 32, by inserting after the letter "b" the  
15 words "except that investment in common stocks shall not be  
16 permitted".  
17 6. Page 5, line 15, by adding after the word "Code" the  
18 words "except that investment in common stocks shall not  
19 be permitted".  
20 7. Page 5, line 34, by adding after the word "Code" the  
21 words "except that investment in common stocks shall not  
22 be permitted".  
23 8. Page 6, line 12, by adding after the word "Code" the  
24 words "except that investment in common stocks shall not  
25 be permitted".
- Page 2  
1 9. Page 6, line 31, by inserting after the letter "b"  
2 words "except that investment in common stocks shall not  
3 be permitted".

*Adopted  
3/22*

*Lost  
3/22*

Filed  
March 9, 1971

By OLLENBURG

SENATE AMENDMENT TO HOUSE FILE 334

- 1 Amend House File 334 as follows:  
2 1. Page 2, line 22, by inserting after the letter "b" the  
3 words "except that investment in common stocks shall not be  
4 permitted".  
5 2. Page 3, line 18, by inserting after the letter "b" the  
6 words "except that investment in common stocks shall not be  
7 permitted".  
8 3. Page 4, line 5, by inserting after the letter "b" the  
9 words "except that investment in common stocks shall not be  
10 permitted".  
11 4. Page 4, line 19, by inserting after the letter "b" the  
12 words "except that investment in common stocks shall not be  
13 permitted".  
14 5. Page 4, line 32, by inserting after the letter "b" the  
15 words "except that investment in common stocks shall not be  
16 permitted".  
17 6. Page 5, line 15, by adding after the word "Code" the words  
18 "except that investment in common stocks shall not be permitted".  
19 7. Page 5, line 34, by adding after the word "Code" the words  
20 "except that investment in common stocks shall not be permitted".

Received from the Senate  
March 23, 1971

*House concurred 3/25*