

JAN 21 1971

Place On Calendar

HOUSE FILE 86

By COMMITTEE ON COUNTY
GOVERNMENT
(Committee on County
Government)

Passed House, Date 1-22-71 Passed Senate, Date 1-26-71
Vote: Ayes 85 Nays 2 Vote: Ayes 42 Nays 6
Approved 2-5-71

A BILL FOR

1 An Act relating to deposits 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, is amended as follows:

3 452.10 CUSTODY OF PUBLIC FUNDS--INVESTMENT OR DEPOSIT.

4 The state treasurer of state and the treasurer of each political
5 subdivision shall at all times keep all funds coming into
6 their possession as public money, in a vault or safe, to be
7 provided for that purpose, or in some bank legally designated
8 as a depository for such funds. However, the treasurer of state
9 and the treasurer of each political subdivision shall invest,
10 unless otherwise provided, any of the public funds not cur-
11 rently needed for operating expenses in notes, certificates,
12 bonds, or other evidences of indebtedness which are obligations
13 of or guaranteed by the United States of America or any of its
14 agencies; or make time deposits of such funds in banks as pro-
15 vided in chapter 453 and receive time certificates of deposit
16 therefor.

17 Sec. 2. Section four hundred fifty-three point five (453.5),
18 Code 1971, is amended by adding the following new paragraph:

19 "Public funds which can not be deposited for periods of at
20 least ninety days may be invested in notes, certificates,
21 bonds, or other obligations of the United States or any of its
22 agencies, as provided in section four hundred fifty-two point
23 ten (452.10) of the Code."

24 EXPLANATION

25 Although section 453.1 of the Code seems to permit invest-
26 ments to be made in government obligations, as provided in
27 section 452.10, as well as in time deposits as provided in
28 chapter 453, section 453.5 seems to require that such invest-
29 ments in government obligations can not be made unless the
30 same funds have already been offered to banks as time deposits.
31 Since governmental units can often profit by investing funds
32 for less than ninety-day periods, this bill provides that
33 funds which can not be invested for at least ninety days may
34 still be invested in obligations of the United States Govern-
35 ment or any of its agencies.