

FILED FEB 16 1964

SENATE FILE 2119
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3017)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to collateral required to be pledged by banks to
2 the treasurer of state in order to secure the deposit of
3 public moneys.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 2119
COMMERCE

1 Section 1. Section 12C.22, subsection 5, paragraph d, Code
2 2003, is amended to read as follows:

3 d. Establish procedures for adding collateral, releasing
4 collateral, and substituting different collateral for
5 collateral pledged under this section.

6 EXPLANATION

7 This bill amends Code section 12C.22, which was enacted
8 pursuant to House File 681 during the 2002 legislative session
9 (2002 Acts, chapter 1096). The section principally requires
10 that financial institutions, and in particular banks, pledge
11 certain types and amounts of collateral with the treasurer of
12 state in order to secure the deposit of public moneys.

13 The Code section requires the treasurer of state to adopt
14 rules necessary to administer the section's provisions. As
15 part of its rulemaking duties, the treasurer of state must
16 establish procedures which allow a bank to substitute
17 different collateral for the collateral which was originally
18 pledged. The bill provides that the treasurer of state must
19 also adopt rules that establish procedures to allow a bank to
20 add or release pledged collateral.

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SENATE FILE 2119

H-8331

1 Amend Senate File 2119, as passed by the Senate, as
2 follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. Section 12C.22, subsection 1,
6 paragraph b, Code 2003, is amended by striking the
7 paragraph.

8 Sec. _____. Section 12C.22, subsection 1, paragraph
9 c, Code 2003, is amended to read as follows:

10 c. In the event an assessment is paid by a bank to
11 the treasurer of state pursuant to section 12C.23A, ~~or~~
12 ~~in the event that collateral pledged by the bank is~~
13 ~~liquidated pursuant to section 12C.23A, subsection 3,~~
14 ~~paragraph "e", and the proceeds are used to pay the~~
15 ~~assessment,~~ the bank is subrogated to the claim of a
16 public funds depositor to the extent the claim is paid
17 from funds paid by the bank ~~or proceeds of collateral~~
18 ~~pledged by the bank are used to pay the assessment."~~

19 2. Page 1, by inserting after line 5 the
20 following:

21 "Sec. _____. Section 12C.23A, subsection 3,
22 paragraph e, Code Supplement 2003, is amended to read
23 as follows:

24 e. If a bank fails to pay its assessment when due,
25 the treasurer of state shall ~~satisfy the assessment by~~
26 ~~liquidating collateral pledged by the bank upon such~~
27 ~~notice as is required by chapter 554. If the~~
28 ~~collateral pledged by the bank is inadequate to pay~~
29 ~~the assessment, the treasurer of state shall make~~
30 additional assessments as may be necessary against
31 other banks that hold uninsured public funds to
32 satisfy any unpaid assessment. Any additional
33 assessments shall be determined, collected, and
34 satisfied in the same manner as the first assessment
35 except that in calculating the amount of each such
36 additional assessment, the amount of uninsured public
37 funds held by the bank that fails to pay the
38 assessment shall not be counted.

39 Sec. _____. Section 12C.23A, subsection 3, paragraph
40 f, Code Supplement 2003, is amended by striking the
41 paragraph.

42 Sec. _____. Section 12C.23A, subsection 3, paragraph
43 g, Code Supplement 2003, is amended to read as
44 follows:

45 g. If a bank fails to pay its assessment when due
46 ~~and the proceeds from liquidation of the collateral~~
47 ~~pledged by the bank are not sufficient to pay the~~
48 ~~assessment against the bank,~~ the treasurer of state
49 shall notify the superintendent or the comptroller of
50 the currency, as applicable, of the failure to pay the

H-8331

H-8331

Page 2

1 assessment. If the bank that has failed to pay the
2 assessment is a nationally chartered financial
3 institution, the superintendent shall immediately
4 notify the bank's primary federal regulator. If the
5 assessment is not paid within thirty days after the
6 bank received the notice of assessment, the treasurer
7 of state shall initiate a lawsuit to collect the
8 amount of the assessment. If a bank is found to have
9 failed to pay the assessment as required by this
10 subsection and is ordered to pay the assessment, the
11 court shall also order that the bank pay court costs
12 and reasonable attorney fees based on the amount of
13 time the attorney general's office spent preparing and
14 bringing the action, and reasonable expenses incurred
15 by the treasurer of state.

16 Sec. ____ . EFFECTIVE DATE. This Act, being deemed
17 of immediate importance, takes effect upon enactment."

18 3. Title page, line 1, by inserting before the
19 word "collateral" the following: "obligations secured
20 by".

21 4. Title page, line 3, by inserting after the
22 word "moneys" the following: ", and providing an
23 effective date".

By COMMITTEE ON COMMERCE, REGULATION
AND LABOR
JENKINS of Black Hawk, Chairperson

H-8331 FILED MARCH 29, 2004

**HOUSE AMENDMENT TO
SENATE FILE 2119**

S-5255

1 Amend Senate File 2119, as passed by the Senate, as
2 follows:

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37 funds held by the bank that fails to pay the
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S-5255

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10 subsection and is ordered to pay the assessment, the
11 court shall also order that the bank pay court costs
12 and reasonable attorney fees based on the amount of
13 time the attorney general's office spent preparing and
14 bringing the action, and reasonable expenses incurred
15 by the treasurer of state.

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17 of immediate importance, takes effect upon enactment."

18 3. Title page, line 1, by inserting before the
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RECEIVED FROM THE HOUSE

Letting
Lundby
Stewart

Succeeded By
SF/HF 2119 SSB# 3017

SENATE FILE Commerce
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY
CHAIRPERSON BEHN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

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S.F. _____ H.F. _____

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SENATE FILE 2119

AN ACT

RELATING TO OBLIGATIONS SECURED BY COLLATERAL REQUIRED TO BE PLEDGED BY BANKS TO THE TREASURER OF STATE IN ORDER TO SECURE THE DEPOSIT OF PUBLIC MONEYS, AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 12C.22, subsection 1, paragraph b, Code 2003, is amended by striking the paragraph.

Sec. 2. Section 12C.22, subsection 1, paragraph c, Code 2003, is amended to read as follows:

c. In the event an assessment is paid by a bank to the treasurer of state pursuant to section 12C.23A, ~~or in the event that collateral pledged by the bank is liquidated pursuant to section 12C.23A7-subsection 37-paragraph "e", and the proceeds are used to pay the assessment,~~ the bank is subrogated to the claim of a public funds depositor to the extent the claim is paid from funds paid by the bank or ~~proceeds of collateral pledged by the bank are used to pay the assessment.~~

Sec. 3. Section 12C.22, subsection 5, paragraph d, Code 2003, is amended to read as follows:

d. Establish procedures for adding collateral, releasing collateral, and substituting different collateral for collateral pledged under this section.

Sec. 4. Section 12C.23A, subsection 3, paragraph e, Code Supplement 2003, is amended to read as follows:

e. If a bank fails to pay its assessment when due, the treasurer of state shall ~~satisfy the assessment by liquidating collateral pledged by the bank upon such notice as is required by chapter 554. If the collateral pledged by the bank is inadequate to pay the assessment, the treasurer of state shall~~ make additional assessments as may be necessary against other banks that hold uninsured public funds to satisfy any unpaid assessment. Any additional assessments shall be determined, collected, and satisfied in the same manner as the first assessment except that in calculating the amount of each such additional assessment, the amount of uninsured public funds held by the bank that fails to pay the assessment shall not be counted.

Sec. 5. Section 12C.23A, subsection 3, paragraph f, Code Supplement 2003, is amended by striking the paragraph.

Sec. 6. Section 12C.23A, subsection 3, paragraph g, Code Supplement 2003, is amended to read as follows:

g. If a bank fails to pay its assessment when due ~~and the proceeds from liquidation of the collateral pledged by the bank are not sufficient to pay the assessment against the bank,~~ the treasurer of state shall notify the superintendent or the comptroller of the currency, as applicable, of the failure to pay the assessment. If the bank that has failed to pay the assessment is a nationally chartered financial institution, the superintendent shall immediately notify the bank's primary federal regulator. If the assessment is not paid within thirty days after the bank received the notice of assessment, the treasurer of state shall initiate a lawsuit to collect the amount of the assessment. If a bank is found to have failed to pay the assessment as required by this subsection and is ordered to pay the assessment, the court shall also order that the bank pay court costs and reasonable attorney fees based on the amount of time the attorney

general's office spent preparing and bringing the action, and reasonable expenses incurred by the treasurer of state.

Sec. 7. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

JEFFREY M. LAMBERTI
President of the Senate

CHRISTOPHER C. RANTS
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2119, Eightieth General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved _____, 2004

THOMAS J. VILSACK
Governor