

Senate Study Bill 3099 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON MCCOY)

A BILL FOR

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

1 Section 1. Section 12B.10, subsection 7, Code Supplement
2 2011, is amended to read as follows:

3 7. Notwithstanding sections 12C.2, 12C.4, 12C.6, 12C.6A,
4 and any other provision of law relating to the deposits of
5 public funds, if public funds are deposited in a depository,
6 as defined in section 12C.1, any uninsured portion of the
7 public funds invested through the depository may be invested
8 in insured deposits or certificates of deposit arranged by
9 the depository that are placed in or issued by one or more
10 federally insured banks or savings associations regardless of
11 location for the account of the public funds depositor if all
12 of the following requirements are satisfied:

13 a. The full amount of the principal and any accrued interest
14 ~~of each~~ on such public funds or each such certificate of
15 deposit issued shall be covered by federal deposit insurance.

16 b. The depository, either directly or through an agent or
17 subcustodian, shall act as custodian of the insured deposits or
18 certificates of deposit.

19 c. ~~The~~ On the same day that the public funds deposits
20 are placed or the certificates of deposit are issued, the
21 depository shall have received deposits in an amount eligible
22 for federal deposit insurance from, and, with regard to
23 certificates of deposit, shall have issued certificates of
24 deposit to, customers of other financial institutions wherever
25 located that are equal to or greater than the amount of public
26 funds invested under this subsection by the public funds
27 depositor through the depository.

28 Sec. 2. Section 12C.22, subsection 2, unnumbered paragraph
29 1, Code 2011, is amended to read as follows:

30 The amount of the collateral required to be pledged by
31 a bank shall at all times equal or exceed the total of the
32 amount by which the public funds deposits in the bank exceeds
33 the total capital of the bank. For purposes of this section,
34 deposits that comply with section 12B.10, subsection 7, that
35 are evidenced either by one or more certificates of deposit or

1 one or more orders for the next business day settlement and
2 issuance of certificates of deposit, by a federally insured
3 bank or savings association other than the depository, or that
4 are public funds placed in accordance with section 12B.10,
5 subsection 7, shall not be deemed public funds deposits in the
6 bank or savings association. For purposes of this chapter,
7 unless the context otherwise requires, "*total capital of the*
8 *bank*" means its tier one capital plus both of the following
9 components of tier two capital:

10 Sec. 3. Section 12C.22, subsection 6, Code 2011, is amended
11 by adding the following new paragraph:

12 NEW PARAGRAPH. *f.* Certificates of deposit issued by a
13 federal deposit insurance corporation insured bank, the payment
14 of which is fully insured by the federal deposit insurance
15 corporation both as to principal and accrued interest, and
16 that have been assigned a committee on uniform security
17 identification procedures number and deposited for the account
18 of the public funds depository bank at the depository trust
19 company.

20 EXPLANATION

21 This bill relates to the investment of public funds
22 deposited in a depository, as both are defined in Code section
23 12C.1. Currently, the uninsured portion of public funds
24 invested through a depository may be invested in certificates
25 of deposit arranged by the depository issued by one or more
26 federally insured banks or savings associations. The bill
27 expands such authorized investments to include insured
28 deposits.

29 The bill adds to the list of acceptable forms of collateral
30 for the deposit of public funds specified in Code section
31 12C.22, subsection 6. Collateral may now include certificates
32 of deposit issued by a federal deposit insurance corporation
33 insured bank, the payment of which is fully insured by the
34 federal deposit insurance corporation both as to principal and
35 accrued interest, and that have been assigned a committee on

S.F. _____

1 uniform security identification procedures number and deposited
2 for the account of the public funds depository bank at the
3 depository trust company.