House Study Bill 252 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON STATE GOVERNMENT BILL BY CHAIRPERSON BLOOMINGDALE)

A BILL FOR

An Act relating to eligibility requirements for financial institutions in which public funds may be deposited.
BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 12B.10, subsection 7, unnumbered paragraph 1, Code 2025, is amended to read as follows:

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

Sec. 2. Section 12C.6, subsection 2, paragraph f, Code 2025, is amended to read as follows:

f. The notice shall also provide the name and address of a state official to whom inquiries can be sent. Actions of the treasurer of state under this section ~~and section 12C.6A~~ are exempt from chapter 17A.

Sec. 3. Section 524.223, subsection 2, unnumbered paragraph 1, Code 2025, is amended to read as follows:

If the state bank, director, officer, employee, or substantial shareholder fails to appear at the hearing, it shall be deemed to have consented to the issuance of a cease and desist order. In the event of such consent, or if upon the record made at such hearing, the superintendent shall find that any violation or unsafe or unsound practice specified in the notice has been established, the superintendent may issue and serve upon the state bank, director, officer, employee, or substantial shareholder an order to cease and desist from any such violation or practice. Such order may require the state bank and its directors, officers, employees, and shareholders to cease and desist from any such violation or practice and, further, to take affirmative action to correct the conditions resulting from any such violation or practice. In addition, if the violation or practice involves a failure to comply with chapter 12C or any rules adopted pursuant to chapter 12C, the superintendent ~~may recommend to the treasurer of state that the bank be removed from the list of financial institutions eligible to accept public funds under section 12C.6A and~~ may require that during the current calendar quarter and up to the next succeeding eight calendar quarters that the bank do any one or more of the following:

Sec. 4. REPEAL. Section 12C.6A, Code 2025, is repealed.

EXPLANATION

The inclusion of this explanation does not constitute agreement with the explanation's substance by the members of the general assembly.

This bill repeals Code section 12C.6A, which prohibits public funds from being deposited in a financial institution that does not demonstrate a commitment to serving the needs of the local community in which the institution is chartered to do business, requires the treasurer of state to create a list of financial institutions that are eligible to accept public funds, creates requirements for such financial institutions relating to public comments and annual submissions to the treasurer of state, and establishes a process for challenging an institution's eligibility to receive public funds.