

Senate Study Bill 1061 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON ROZENBOOM)

A BILL FOR

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

unofficial

1 Section 1. Section 12B.10, subsection 7, unnumbered paragraph
2 1, Code 2025, is amended to read as follows:

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

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

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

19 Sec. 3. Section 524.223, subsection 2, unnumbered paragraph
20 1, Code 2025, is amended to read as follows:

21 If the state bank, director, officer, employee, or substantial
22 shareholder fails to appear at the hearing, it shall be deemed
23 to have consented to the issuance of a cease and desist order.
24 In the event of such consent, or if upon the record made at
25 such hearing, the superintendent shall find that any violation
26 or unsafe or unsound practice specified in the notice has
27 been established, the superintendent may issue and serve upon
28 the state bank, director, officer, employee, or substantial
29 shareholder an order to cease and desist from any such violation
30 or practice. Such order may require the state bank and its
31 directors, officers, employees, and shareholders to cease and
32 desist from any such violation or practice and, further, to take
33 affirmative action to correct the conditions resulting from any
34 such violation or practice. In addition, if the violation or
35 practice involves a failure to comply with chapter 12C or any

1 rules adopted pursuant to chapter 12C, the superintendent may
2 ~~recommend to the treasurer of state that the bank be removed~~
3 ~~from the list of financial institutions eligible to accept public~~
4 ~~funds under section 12C.6A~~ and may require that during the
5 current calendar quarter and up to the next succeeding eight
6 calendar quarters that the bank do any one or more of the
7 following:

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

9

EXPLANATION

10

The inclusion of this explanation does not constitute agreement with

11

the explanation's substance by the members of the general assembly.

12

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