

## CHAPTER 1051

### PUBLIC FUNDS — AUTHORIZED DEPOSITS

H.F. 2168

**AN ACT** relating to the authorized deposit of public funds.

*Be It Enacted by the General Assembly of the State of Iowa:*

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

7. Notwithstanding sections 12C.2, 12C.4, 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:

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

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

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

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

The amount of the collateral required to be pledged by a bank shall at all times equal or exceed the total of the amount by which the public funds deposits in the bank exceeds the total capital of the bank. For purposes of this section, deposits that comply with section 12B.10, subsection 7, that are evidenced either by one or more certificates of deposit or one or more orders for the next business day settlement and issuance of certificates of deposit, by a federally insured bank or savings association other than the depository, or that are public funds placed in accordance with section 12B.10, subsection 7, shall not be deemed public funds deposits in the bank or savings association. For purposes of this chapter, unless the context otherwise requires, “total capital of the bank” means its tier one capital plus both of the following components of tier two capital:

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

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

Sec. 4. Section 12C.23A, subsection 3, unnumbered paragraph 1, Code 2011, is amended to read as follows:

If a bank is closed by its primary state or federal regulator, including a bank that has accepted public funds deposits under section 12B.10, subsection 7, each public funds depositor with deposits in the bank shall notify the treasurer of state of the amount of any claim within thirty days of the closing. The treasurer of state shall implement the following procedures:

Sec. 5. Section 12C.23A, subsection 3, paragraph d, Code 2011, is amended to read as follows:

d. If the loss of public funds is not covered by federal deposit insurance and the proceeds of the closed bank's assets that are liquidated within thirty days of the closing of the bank are not sufficient to cover the loss, then any further payments to cover the loss will come from the state sinking fund for public deposits in banks. If the balance in that sinking fund is inadequate to pay the entire loss, then the treasurer shall obtain the additional amount needed by making an assessment against other banks that are organized under chapter 524, national banks with offices in this state, and branches of out-of-state banks located in this state whose public funds deposits exceed federal deposit insurance coverage. A bank's assessment shall be determined by multiplying the total amount of the remaining loss to all public depositors in the closed bank by a percentage that represents the assessed bank's proportional share of the total of uninsured public funds deposits held by all banks and all branches of out-of-state banks, based upon the average of the uninsured public funds of the assessed bank or branch of an out-of-state bank as of the end of the four calendar quarters prior to the date of closing of the closed bank and the average of the uninsured public funds in all banks and branches of out-of-state banks as of the end of the four calendar quarters prior to the date of closing of the closed bank, excluding the amount of uninsured public funds held by the closed bank at the end of the four calendar quarters. Each bank shall pay its assessment to the treasurer of state within three business days after it receives notice of assessment. For purposes of this section, when calculating uninsured public funds, a bank shall include all deposits of customers of other financial institutions as permitted by section 12B.10, subsection 7.<sup>1</sup>

Approved April 4, 2012

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<sup>1</sup> See chapter 1138, §38 herein