

HOUSE BILL NO. 202

INTRODUCED BY HAGAN, ARNTZEN, FACEY, MCCARTHY

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4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING COUNTIES, CITIES, AND TOWNS TO DEPOSIT

5 PUBLIC MONEY NOT NECESSARY FOR IMMEDIATE USE IN IN-STATE FEDERALLY INSURED FINANCIAL

6 INSTITUTIONS THAT ARRANGE FOR THE DEPOSIT OF FUNDS IN OTHER FINANCIAL INSTITUTIONS;

7 PROVIDING THAT THE FULL AMOUNT OF THE DEPOSIT IS COVERED BY FEDERAL DEPOSIT

8 INSURANCE; AMENDING SECTION 7-6-206, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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12 **Section 1.** Section 7-6-206, MCA, is amended to read:

13 **"7-6-206. Time deposits -- repurchase agreement.** (1) Public money not necessary for immediate use

14 by a county, city, or town that is not invested as authorized in 7-6-202 may be placed in time or savings deposits

15 with a bank, savings and loan association, or credit union in the state or placed in repurchase agreements as

16 authorized in 7-6-213. Money placed in repurchase agreements is subject to subsection (2).

17 (2) The local governing body may solicit bids for time or savings deposits from a bank, savings and loan

18 association, or credit union in the state. The local governing body may deposit public money in the institutions

19 unless a local financial institution agrees to pay the same rate of interest bid by a financial institution not located

20 in the county, city, or town. The governing body may solicit bids by notice sent by mail to the investment

21 institutions that have requested that their names be listed for bid notice with the department of administration.

22 (3) In addition to other investments authorized under 7-6-202 and this section, public money not

23 necessary for immediate use by a county, city, or town may be invested in accordance with the following

24 conditions:

25 (a) the money is initially invested through a federally insured financial institution in the state selected by

26 the governing body;

27 (b) the selected in-state financial institution arranges for the deposit of the funds in ~~certificates of deposit~~

28 ~~for the~~ an account of the county, city, or town in one or more federally insured financial institutions, regardless

29 of location;

30 (c) the full amount of principal and accrued interest on each ~~certificate of deposit~~ is covered by federal



1 deposit insurance; and

2 (d) the selected in-state financial institution acts as the custodian for the county, city, or town with respect
3 to the ~~certificates of deposit issued for its account;~~ ~~and~~

4 ~~———(e) at the same time that the county, city, or town money is deposited and the certificates of deposit are~~
5 ~~issued, the selected in-state financial institution receives an amount of deposits from customers of other federally~~
6 ~~insured financial institutions, regardless of location, equal to or greater than the amount of money initially invested~~
7 ~~by the county, city, or town through the selected in-state financial institution."~~

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9 NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

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