

HOUSE BILL NO. 163

INTRODUCED BY T. WELCH

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING CERTIFICATES OF DEPOSIT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION AS AN AUTHORIZED PLEDGE TO SECURE DEPOSITS OF PUBLIC FUNDS; AMENDING SECTION 17-6-103, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 17-6-103, MCA, is amended to read:

"17-6-103. Security for deposits of public funds. The following kinds of securities may be pledged or guarantees may be issued to secure deposits of public funds:

- (1) direct obligations of the United States;
- (2) securities as to which the payment of principal and interest is guaranteed by the United States;
- (3) securities issued or fully guaranteed by the following agencies of the United States or their successors, whether or not guaranteed by the United States:
 - (a) commodity credit corporation;
 - (b) federal intermediate credit banks;
 - (c) federal land bank;
 - (d) bank for cooperatives;
 - (e) federal home loan banks, including a letter of credit from a federal home loan bank;
 - (f) federal national mortgage association;
 - (g) government national mortgage association;
 - (h) small business administration;
 - (i) federal housing administration; ~~and~~ AND
 - (j) federal home loan mortgage corporation; ~~and~~
 - ~~(k) certificates of deposit insured by the federal deposit insurance corporation;~~

(4) securities of or other interests in an open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 through 80a-64), as

1 amended, if:

2 (a) the portfolio of the investment company or investment trust is limited to United States government
3 obligations and repurchase agreements fully collateralized by United States government obligations; and

4 (b) the investment company or investment trust takes delivery of the collateral for any repurchase
5 agreement, either directly or through an authorized custodian;

6 (5) general obligation bonds of the state or of any county, city, school district, or other political subdivision
7 of the state;

8 (6) revenue bonds of any county, city, or other political subdivision of the state, when backed by the full
9 faith and credit of the subdivision or when the revenue pledged to the payment of the bonds is derived from a
10 water or sewer system and the issuer has covenanted to establish and maintain rates and charges for the system
11 in an amount sufficient to produce revenue equal to at least 125% of the average annual principal and interest
12 due on all bonds payable from the revenue during the outstanding term of the bonds;

13 (7) interest-bearing warrants of the state or of any county, city, school district, or other political
14 subdivision of the state issued in evidence of claims in an amount that, with all other claims on the same fund,
15 does not exceed the amount validly appropriated in the current budget for expenditure from the fund in the year
16 in which they are issued;

17 (8) obligations of housing authorities of the state secured by a pledge of annual contributions or by a loan
18 agreement made by the United States or any agency of the United States providing for contributions or a loan
19 sufficient with other funds pledged to pay the principal of and interest on the obligations when due. The bonds
20 and other obligations made eligible for investment in 7-15-4505 and 32-1-424(1)(a) may be used as security for
21 all deposits of public funds or obligations for which depository bonds or any kind of bonds or other securities are
22 required or may by law be deposited as security.

23 (9) general obligation bonds of other states and of municipalities, counties, and school districts of other
24 states;

25 (10) undertaking or guarantees issued by a surety company authorized to do business in the state;

26 (11) first mortgages and trust indentures on real property. The depository shall, on a quarterly basis,
27 certify to the state treasurer that sufficient first mortgages and trust indentures on real property are available and
28 segregated to secure deposits of public funds. The board of investments shall determine the amount of security
29 required.

30 (12) bonds issued pursuant to Title 7, chapter 12, parts 21, 41, and 42;

1 (13) bonds issued pursuant to Title 90, chapter 6, part 1;
2 (14) revenue bonds issued by any unit of the university system of the state of Montana; and
3 (15) advance refunded bonds secured by direct obligations of the United States treasury held in
4 irrevocable escrow; AND
5 (16) BANK-OWNED CERTIFICATES OF DEPOSIT FULLY INSURED BY THE FEDERAL DEPOSIT INSURANCE
6 CORPORATION."

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

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