

As Engrossed: 1/15/91 1/22/91 1/30/91 3/15/91

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Representative Mike Wilson**

A BILL ACT 668 OF 1991
HOUSE BILL 1133

For An Act To Be Entitled

7 "AN ACT TO AMEND ARKANSAS CODE 23-32-1003, TO AUTHORIZE
8 THE COLLATERALIZATION OF PUBLIC DEPOSITS WITH ASSETS
9 CONSISTING OF SHARES OF REGISTERED MUTUAL FUNDS; TO AMEND
10 ARKANSAS CODE 28-71-106, TO PROVIDE THAT A BOND TRUSTEE
11 MAY RELY UPON THE PROVISIONS OF THE STATUTE WITH RESPECT
12 TO BOND FUNDS DEPOSITED WITH THE TRUSTEE; AND FOR OTHER
13 PURPOSES."

14
15 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

16
17 *SECTION 1. Arkansas Code 23-32-1003(a) and (b) are hereby amended to*
18 *read as follows:*

19 *"(a) It shall be lawful for any bank organized and existing under the*
20 *laws of this state to secure the deposit with it of the following described*
21 *funds, excluding any funds invested or deposited by the State Treasurer:*

22 *(1) Any county of this state or any agency, corporate instrumentality,*
23 *or political subdivision thereof;*

24 *(2) Any municipality of this state or any agency, corporate*
25 *instrumentality, or political subdivision thereof;*

26 *(3) Any state-supported university or college;*

27 *(4) Any school district of this state;*

28 *(5) Any community college district of this state;*

29 *(6) Any state or United States relief body;*

30 *(7) Any road, drainage, levee, bridge, street, sewer, paving, or other*
31 *improvement district organized under the laws of this state;*

32 *(8) Any regional water distribution district organized under the laws*
33 *of this state;*

34 *(9) Any federal agency;*

35 *(10) The United States Postal Service;*

36 *(11) Any receiver of any state or federal court, whether appointed in*

1 *proceedings pending in this state or elsewhere;*

2 *(12) Any referee in bankruptcy;*

3 *(13) Any receiver, trustee, or operating officials appointed by any*
4 *federal court in any bankruptcy, debt-adjustment, or composition proceeding*
5 *pending within this state or elsewhere;*

6 *(14) Any pension or retirement fund for employees of any county in this*
7 *state or any agency, corporate instrumentality, or political subdivision*
8 *thereof; and*

9 *(15) Any pension or retirement fund for employees of any municipality*
10 *in this state or any agency, corporate instrumentality, or political*
11 *subdivision thereof.*

12 *(b)(1) A state bank may secure the deposit of such funds, subject*
13 *to the depositor's discretion regarding the suitability of the collateral, by*
14 *the pledge or escrow of the assets of the bank consisting of:*

15 *(A) Bonds, notes, or treasury certificates issued by the United States*
16 *or guaranteed as to the payment of principal and interest by the United*
17 *States;*

18 *(B) Bonds or notes constituting obligations of the Federal National*
19 *Mortgage Association, the Government National Mortgage Association, the*
20 *Federal Home Loan Mortgage Corporation, the Federal Financing Bank, or the*
21 *Student Loan Marketing Association;*

22 *(C) Bonds or notes constituting direct obligations of the State of*
23 *Arkansas;*

24 *(D) Bonds or notes issued by any local improvement district or any*
25 *public school district organized under the laws of this state, which bonds,*
26 *notes, or certificates, at the time of the pledge, are not in default either*
27 *as to interest or principal;*

28 *(E) Shares of any open-end or closed-end management-type investment*
29 *company or investment trust registered under the Federal Investment Company*
30 *Act of 1940, as amended, the portfolio of which is limited to the securities*
31 *described in subparagraphs (1)(A) through (C) herein and to repurchase*
32 *agreements fully collateralized by such securities, provided that the*
33 *investment company or investment trust takes delivery of the collateral either*
34 *directly or through an authorized custodian; provided, however, that this*
35 *subparagraph (1)(E) shall not apply to county funds or funds under the*

1 possession or control of a county treasurer at the time of the deposit.

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3 SECTION 2. Arkansas Code 28-71-106(b) is hereby amended to read as
4 follows:

5 "(b) Whenever a fiduciary is authorized or required by the instrument,
6 judgment, decree, or order establishing the fiduciary relationship to invest
7 funds in specifically described securities, the fiduciary may, unless
8 expressly prohibited by such instrument, judgment, decree, or order, invest
9 such funds in any investment company or investment trust described in
10 subsection (a) of this section, the portfolio of which is limited to such
11 specifically described securities and to repurchase agreements fully
12 collateralized by such specifically described securities, provided that the
13 investment company or investment trust takes delivery of the collateral either
14 directly or through an authorized custodian. Notwithstanding any other
15 provision of state law, this subsection shall apply to all funds deposited
16 with or controlled by any bank trustee acting in a fiduciary capacity in
17 connection with the issuance, sale or redemption of bonds, notes and other
18 certificates of indebtedness."

19

20 SECTION 3. All provisions of this Act of a general and permanent nature
21 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
22 Revision Commission shall incorporate the same in the Code.

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24 SECTION 4. If any provision of this Act or the application thereof to
25 any person or circumstance is held invalid, such invalidity shall not affect
26 other provisions or applications of the Act which can be given effect without
27 the invalid provision or application, and to this end the provisions of this
28 Act are declared to be severable.

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30 SECTION 5. All laws and parts of laws in conflict with this Act are
31 hereby repealed.

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/s/M. Wilson

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APPROVED: 3-21-91

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