

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 86 of the Regular Session

1 State of Arkansas  
2 85th General Assembly  
3 Regular Session, 2005

# A Bill

HOUSE BILL 1251

4  
5 By: Representatives Maloch, Dunn  
6 By: Senators Horn, Wilkinson

## For An Act To Be Entitled

10 AN ACT TO PROVIDE ADDITIONAL AUTHORITY FOR THE  
11 INVESTMENT OF PUBLIC FUNDS IN CERTIFICATES OF  
12 DEPOSIT INSURED BY THE FEDERAL DEPOSIT INSURANCE  
13 CORPORATION; AND FOR OTHER PURPOSES.

### Subtitle

16 TO PROVIDE ADDITIONAL AUTHORITY FOR THE  
17 INVESTMENT OF PUBLIC FUNDS IN  
18 CERTIFICATES OF DEPOSIT INSURED BY THE  
19 FEDERAL DEPOSIT INSURANCE CORPORATION.

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

24 SECTION 1. Arkansas Code Title 19, Chapter 8, Subchapter 1 is amended  
25 to add an additional section to read as follows:

26 19-8-111. Additional authority for investment of public funds.

27 (a) Notwithstanding any law to the contrary, including, but not  
28 limited to, §§ 19-8-103 and 19-8-105, the state or local government and any  
29 trusts created under the Local Government Joint Investment Trust Act, § 19-8-  
30 301 et seq., may invest public funds through an eligible bank under § 19-8-  
31 105 if:

32 (1) The bank arranges for the deposit of all or a portion of the  
33 funds in certificates of deposit in one (1) or more banks or savings and loan  
34 associations located within the United States for the account of the state or  
35 local government or trust;



1           (2) Each certificate of deposit is insured by the Federal  
 2 Deposit Insurance Corporation for one hundred percent (100%) of the principal  
 3 and accrued interest of the certificate of deposit;

4           (3) The bank acts as custodian of the certificates of deposit  
 5 issued for the account of the state or local government or trust and, as  
 6 custodian, is charged with the care of the certificates of deposit and their  
 7 segregation in appropriate records reflecting the total principal amount of  
 8 the certificates of deposit for each custodial account; and

9           (4) At the time the funds are deposited and the certificates of  
 10 deposit are issued the bank receives an amount of deposits from customers of  
 11 other financial institutions located in the United States that is equal to or  
 12 greater than the amount of the funds invested by the state or local  
 13 government or trust.

14           (b) For any investment of public funds under this section, the  
 15 provisions of §§ 19-8-106 and 19-8-107 apply only to the eligible bank  
 16 selected under subsection (a) of this section.

17           (c) Additional security shall not be required for investments of  
 18 public funds under this section.

19           (d) For purposes of this section, "local government" means any city,  
 20 county, town, or other political subdivision of the State of Arkansas,  
 21 including, but not limited to, any:

22                   (1) School district or community college district;

23                   (2) Improvement or other taxing or assessing district;

24                   (3) Department, instrumentality, or agency of any city, county,  
 25 or other political subdivision, including, but not limited to, any local fire  
 26 and police pension or relief funds; and

27                   (4) Local government association as defined in § 19-8-303.

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 29           SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
 30 General Assembly of the State of Arkansas that local communities and banks  
 31 are often not receiving the benefits from the local investment of the  
 32 communities' public funds due to the size of their deposits; that local  
 33 communities can receive the benefits from the investment of local public  
 34 funds while ensuring the safety and soundness of the investments by providing  
 35 additional authority for the investment of those funds in accounts insured by  
 36 the Federal Deposit Insurance Corporation; and that the exercise of the

1 authority granted by this act is immediately necessary to enable local banks  
2 to better serve their local communities. Therefore, an emergency is declared  
3 to exist and this act being immediately necessary for the preservation of the  
4 public peace, health, and safety shall become effective on:

5 (1) The date of its approval by the Governor;

6 (2) If the bill is neither approved nor vetoed by the Governor,  
7 the expiration of the period of time during which the Governor may veto the  
8 bill; or

9 (3) If the bill is vetoed by the Governor and the veto is  
10 overridden, the date the last house overrides the veto.

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13 APPROVED: 2/08/2005  
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