

1 **State of Arkansas**  
2 **79th General Assembly**  
3 **Regular Session, 1993**  
4 **By: Senator Moore**

# A Bill

**SENATE BILL**

## For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE ANNOTATED §§19-8-104, 19-8-  
9 105, AND 19-8-107 TO INCLUDE CREDIT UNIONS AS DEPOSITORIES  
10 OF PUBLIC FUNDS; AND FOR OTHER PURPOSES."

## Subtitle

13 "AN ACT TO INCLUDE CREDIT UNIONS AS DEPOSITORIES OF PUBLIC  
14 FUNDS."

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

18 SECTION 1. Arkansas Code Annotated §19-8-104 is amended to read as  
19 follows:

20 "19-8-104. Deposits in state only.

21 (a) Except as provided below, all public funds as defined in §19-8-101  
22 shall be deposited in financial institutions, as defined by §19-8-105, located  
23 in the State of Arkansas.

24 (b) A school district may seek a hardship waiver from the Joint  
25 Auditing Committee from the provisions of this section and deposit state funds  
26 in an out-of-state financial institution under the following conditions:

27 (1) The school district is designated as an isolated school  
28 district under the provisions of §§ 6-20-601 and 6-20-602;

29 (2) The school district lies on the borders of the state line;

30 (3) The nearest Arkansas financial institution is located at  
31 least eighteen (18) miles from the administrative offices of the district;

32 (4) The administrative offices of the district are located within  
33 six (6) miles from an out-of-state financial institution; and

34 (5) The out-of-state financial institution meets all other  
35 requirements concerning collateralization of state funds."

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SECTION 2. Arkansas Code Annotated §19-8-105 is amended to read as follows:

"19-8-105. Annual list of eligible financial institutions.

(a) Annually on December 1 the Bank Commissioner shall furnish to the governing board of each city, or town officer, and the county board of each county, and also any officer of any improvement district or any other political subdivision, having the supervision of public funds or funds belonging to the state or any political subdivision a list of all the banks, banking institutions, or credit unions doing business in this state which are members of the Federal Deposit Insurance Corporation or National Credit Union Share Insurance Fund. The commissioner shall recommend the maximum amount of deposit of public funds each bank, banking institution, or credit union shall be allowed to receive. None of these public funds shall be deposited in any bank, banking institution, or credit union other than those contained in the list.

(b) In no instance shall the commissioner recommend, or any bank, banking institution, or credit union accept, for deposit more public funds than twenty-five percent (25%) of the total of its general deposits, exclusive of the public funds. Public money in excess of the amount allowed in this section, if approved by the governing board, may be deposited in an authorized bank, banking institution, or credit union if the excess deposit is carried in cash, United States Government Bonds, Housing and Home Finance Agency bonds, or demand loans on cotton of the kind commonly known as Commodity Credit Corporation loans, being only such loans as are guaranteed by the United States."

SECTION 3. Arkansas Code Annotated §19-8-107 is amended to read as follows:

"19-8-107. Depository agreements.

(a) (1) After the receipt from the Bank Commissioner of the list of banks, banking institutions, or credit unions and recommended amounts of public funds each may accept, it shall then be the duty of the depository boards, between January 1 and 15 of each year, to contract with the banks,

1 banking institutions, or credit unions on the best terms obtainable and to  
2 designate the banks, banking institutions, or credit unions in which the funds  
3 shall be deposited.

4           (2) The boards may, subsequent to these dates, enter into  
5 contracts with any new bank, banking institution, or credit union chartered  
6 subsequent to the dates if the bank, banking institution or credit union is  
7 certified by the commissioner, upon request therefore, as being eligible as a  
8 depository of public funds under the laws of this state. The certificate  
9 shall contain the recommended amount of public funds the bank, banking  
10 institution, or credit union may accept.

11           (b) All depository agreements, except the first agreement entered into  
12 with a newly chartered bank, banking institution or credit union under this  
13 section, shall begin on January 15 of each year. All such agreements,  
14 whenever entered into, shall end on January 14 of the next-succeeding year.

15           (c) (1) The treasurers or other public officials or other persons having  
16 custody of these funds shall deposit them in such designated depositories.

17           (2) The depositing of these funds in the designated depositories  
18 shall relieve the public officer or other person and his sureties from any  
19 liability for the loss of the funds by reason of the default or insolvency of  
20 any depository.

21           (3) County officials are required to make timely investment of  
22 public funds in order to earn optimum interest consistent with the prudent  
23 man rule for investments as defined by Arkansas law.

24           (d) County officials may require the collateralization for the deposit  
25 or investment of public funds for amounts not fully insured directly by the  
26 United States. Public officials may use their sense of awareness of the  
27 financial condition of depository institutions being considered for deposits.  
28 They may require as a condition for placing deposits or keeping funds on  
29 deposit such financial data as they need so as to make an informed decision  
30 including, but not limited to, quarterly financial statements, quarterly  
31 profit and loss statements, and tangible net worth or capital-to-assets  
32 ratios."

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34           SECTION 4. All provisions of this act of a general and permanent nature  
35 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code

1 Revision Commission shall incorporate the same in the Code.

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3         SECTION 5. If any provision of this act or the application thereof to  
4 any person or circumstance is held invalid, such invalidity shall not affect  
5 other provisions or applications of the act which can be given effect without  
6 the invalid provision or application, and to this end the provisions of this  
7 act are declared to be severable.

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9         SECTION 6. All laws and parts of laws in conflict with this act are  
10 hereby repealed.

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12         SECTION 7. Emergency. It is hereby found and determined by the  
13 Seventy-Ninth General Assembly that the immediate passage of this act is  
14 necessary because there are credit unions chartered by both the United States  
15 of America and the State of Arkansas that are insured by the National Credit  
16 Union Share Insurance Fund and have been unreasonably and unjustifiably  
17 excluded from being depositories of public funds when they offer protections  
18 to deposited funds equal to those of banks and are excellent business citizens  
19 of the state of Arkansas. Therefore, an emergency is hereby declared to exist  
20 and this act, being necessary for the immediate preservation of the public  
21 peace, health and safety, shall be in full force and effect from and after its  
22 passage and approval.

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