

"AN ACT TO AMEND SECTION 4 OF ACT 61 OF 1933, AS AMENDED [ARK. STAT. 67-524] TO ALLOW ANY ARKANSAS BANK TO SECURE THE DEPOSITS WITH IT OF THE FUNDS OF MUNICIPALITIES; DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES."

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

SECTION 1. Section 4 of Act 61 of 1933, as amended, the same being Arkansas Statute 67-524, is hereby revised and amended to read as follows:

"Section 4. Authority to secure deposits of certain governmental instrumentalities. It shall be lawful for any bank organized and existing under the laws of this State to secure the deposit with it of the funds of (i) any county of this State or any agency, corporate instrumentality, or political subdivision thereof, (ii) any municipality of this State or any agency, corporate instrumentality, or political subdivision thereof, (iii) any State supported university or college, (iv) any school district of this State, (v) any community college district of this State, (vi) any State of United States relief body, (vii) any road, drainage, levee, bridge, street, sewer, paving or other improvement district organized under the laws of this State, (viii) any regional water distribution district organized under the laws of this State, (ix) any Federal agency, (x) the United States Postal Service, (xi) any receiver of any State or Federal court (whether appointed in proceedings pending in this State or elsewhere), (xii) any referee in bankruptcy, (xiii) any receiver, trustee, or operating official appointed by any Federal court in any bankruptcy, debt-adjustment, or composition proceeding pending within this State or elsewhere, (xiv) any pension or retirement fund for employees of any county in this State or any agency, corporate instrumentality, or political subdivision thereof, and (xv) any pension or retirement fund for employees of any municipality in this State or any agency, corporate instrumentality, or political subdivision thereof. A State bank may secure the deposit of such funds by the pledge or escrow of the assets of said bank consisting either of bonds, notes, or treasury certificates issued by, or guaranteed as to the payment of principal and interest by, the United States, bonds or notes constituting obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Financing Bank, or the Student Loan Marketing Association, bonds or notes constituting direct obligations of the State of Arkansas, or bonds or notes issued by any local improvement district or any public school district organized under the laws of this State, which bonds, notes, or certificates are not at the time of the pledge in default either as to interest or principal. The aggregate market value of assets pledged or escrowed to secure the deposit of funds by any single depositor shall not at any time exceed 110% of the amount of funds on deposit from such depositor plus the maximum amount of interest payable by the bank on such deposit during the next twelve months. The powers herein conferred upon banks organized and existing under the laws of this State are cumulative to such similar powers as they may hold under existing laws."

SECTION 2. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 3. Emergency. It is hereby found and determined by the General Assembly that existing statutes authorizing State banks to collateralize

deposits of public funds by governmental instrumentalities are in many ways vague, ambiguous, and difficult to comprehend; that it is in the public interest to provide for the authority of State banks to collateralize deposits of public funds by (i) municipalities, (ii) counties, (iii) improvement districts, (iv) public school districts (v) community college districts (vi) agencies, corporate instrumentalities, and political subdivisions of municipalities and counties, including, but not limited to, county owned hospitals, municipally owned hospitals, municipally owned waterworks systems, and municipally owned systems for the collection, treatment, purification, or disposal of sewage, and (vii) other governmental instrumentalities; and that it is in the public interest to clarify the existing statutes relating to the authority of State banks to collateralize deposits of public funds. Therefore, an emergency is declared to exist, and this Act being necessary for the preservation of the public peace, health and safety shall take effect and be in force from the date of its approval.

APPROVED: April 7, 1987

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