

1 **State of Arkansas**
2 **80th General Assembly**
3 **Regular Session, 1995**
4 **By: Senator Malone**

A Bill

ACT 770 OF 1995
SENATE BILL 654

For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE 19-8-104 TO PROVIDE THAT
9 PRIVATE DONATIONS TO CITIES MAY BE INVESTED ACCORDING TO
10 THE PRUDENT MAN RULE; AND FOR OTHER PURPOSES."

Subtitle

13 "TO PROVIDE THAT PRIVATE DONATIONS TO
14 CITIES MAY BE INVESTED ACCORDING TO THE
15 PRUDENT MAN RULE."

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

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

20 "19-8-104. Investment of public funds.

21 (a) Except as provided in (b) and (c) below, all public funds as defined
22 in § 19-8-101 shall be deposited in banks located in the State of Arkansas.

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

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

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

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

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

33 (5) The out-of-state bank meets all other requirements concerning
34 collateralization of state funds.

35 (c) Any private donations to cities of the first class or second class or
36 incorporated towns may, unless restrictions are established by the donor, may

1 be invested in accordance with the Prudent Man Rule established by Arkansas
2 Code 28-71-105."

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4 SECTION 2. All provisions of this act of a general and permanent nature
5 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
6 Revision Commission shall incorporate the same in the Code.

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

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14 SECTION 4. All laws and parts of laws in conflict with this act are
15 hereby repealed.

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17 SECTION 5. EMERGENCY. It is hereby found and determined by the General
18 Assembly that private donations are many times made to municipalities; and
19 that under present law, the investment of these funds is so restricted that
20 earnings are substantially decreased; that this act establishes the Prudent
21 Man Rule as the standard for investing these funds; and that this act shall be
22 given effect immediately in order to grant municipalities the ability as soon
23 as possible to enhance their earnings on donated funds. Therefore, an
24 emergency is hereby declared to exist, and this act being immediately
25 necessary for the preservation of the public peace, health, and safety shall
26 be in full force and effect from and after its passage and approval.

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28 APPROVED: 3-24-95

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