

1 State of Arkansas  
2 89th General Assembly  
3 Regular Session, 2013  
4

*As Engrossed: S3/6/13*

# A Bill

SENATE BILL 535

5 By: Senator Maloch  
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## For An Act To Be Entitled

8 *AN ACT TO AUTHORIZE INVESTMENT OF PUBLIC FUNDS IN*  
9 *ADDITIONAL INVESTMENTS INSURED BY THE FEDERAL DEPOSIT*  
10 *INSURANCE CORPORATION; TO DECLARE AN EMERGENCY; AND*  
11 *FOR OTHER PURPOSES.*

## Subtitle

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15 *TO AUTHORIZE INVESTMENT OF PUBLIC FUNDS*  
16 *IN ADDITIONAL INVESTMENTS INSURED BY THE*  
17 *FEDERAL DEPOSIT INSURANCE CORPORATION;*  
18 *AND TO DECLARE AN EMERGENCY.*

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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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23 SECTION 1. Arkansas Code § 19-8-111(a), concerning additional  
24 authority for investment of public funds, is amended to read as follows:

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

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

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



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

7           (4) ~~At the time~~ On the date the funds are deposited ~~and the~~  
8 ~~certificates of deposit are issued~~ according to subdivision (a)(1) of this  
9 section, the bank receives an amount of deposits from customers of other  
10 financial institutions located ~~in~~ inside the United States that is equal to  
11 or greater than the amount of the funds invested by the state or local  
12 government or trust.

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14           SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
15 General Assembly of the State of Arkansas that the limitations on the  
16 investment of public funds have resulted in economic harm to Arkansas; that  
17 the limitation on investment of public funds creates inflexibility and  
18 potential loss of investment funds; and that this act is immediately  
19 necessary to provide greater flexibility in the options available for  
20 investment of public funds. Therefore, an emergency is declared to exist,  
21 and this act being immediately necessary for the preservation of the public  
22 peace, health, and safety shall become effective on:

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

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

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

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30    /s/Maloch  
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