

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1393**

**Bill Subtitle: TO AMEND THE LAW CONCERNING CERTAIN COUNTY AND MUNICIPAL PUBLIC FINANCE MATTERS.**

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**Basic Change :**

Representative Baltz

This bill requires cities and counties to enter into depository agreements and collateral agreements to perfect security of public deposits not fully insured by the federal government. It requires the Board of Finance to provide sample copies of all forms necessary for the cities and counties to comply with the act.

**Revenue Impact :**

None

**Taxpayer Impact :**

None

**Resources Required :**

None

**Time Required :**

None

**Procedural Changes :**

None

**Other Comments :**

None

**Legal Analysis :**

The State Board of Finance recently issued Rule 2012-A (Management of Cash Funds) to clarify the requirements for collateralizing deposits of cash funds made by state and local government entities. Obtaining an enforceable security interest in the cash deposits is crucial to recovering those funds in the event of a closure of the depository financial institution by the FDIC. The Rule also provides model forms for use by the government entities. The bill amends existing Arkansas law on the deposit of public funds to make those code provisions consistent with Rule 2012-A.

The bill has no Emergency Clause and would therefore become effective 90 days after adjournment.