

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

A Bill

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
25 state 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
32 (6) 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

1 incorporated towns may, unless restrictions are established by the donor, may
2 be invested in accordance with the Prudent Man Rule established by Arkansas
3 Code 28-71-105."

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

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

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16 hereby repealed.

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

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