

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 83rd General Assembly
3 Regular Session, 2001
4

A Bill

HOUSE BILL 1370

5 By: Representatives Fite, Magnus, Broadway
6 By: Senators Fitch, Wilkinson
7
8

For An Act To Be Entitled

9
10 AN ACT TO PERMIT PUBLIC FUNDS DEPOSITED IN BANKS TO
11 ALSO BE SECURED BY SURETY BONDS, PRIVATE DEPOSIT
12 INSURANCE, AND LETTERS OF CREDIT ISSUED BY A FEDERAL
13 HOME LOAN BANK; AND FOR OTHER PURPOSES.
14

Subtitle

15
16 AN ACT TO EXPAND THE PERMITTED SECURITY
17 FOR PUBLIC FUNDS HELD BY BANKS.
18
19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
21

22 SECTION 1. Arkansas Code 19-8-203 is amended to read as follows:

23 19-8-203. Eligible ~~securities~~ security for deposits.

24 (a) Whenever ~~securities must be furnished by~~ any depository in the
25 State of Arkansas ~~as~~ must furnish security for the deposit of any public funds
26 ~~of the state~~ or whenever ~~securities~~ any security must be ~~deposited with~~
27 granted to any ~~officials of the state~~ public official in connection with
28 public funds ~~of the state~~, pursuant to any statute of the state, the following
29 shall be considered as eligible ~~securities~~ security for such purposes:-

30 ~~(1) Bonds or other interest bearing securities of the United~~
31 ~~States or any agency or instrumentality thereof; bonds or other interest-~~
32 ~~bearing obligations guaranteed fully or partially as to principal and interest~~
33 ~~by the United States, or by any agency or instrumentality thereof; or bonds of~~
34 ~~any possession of the United States; and~~

35 ~~(2)(A) Bonds or other interest bearing securities of the State of~~
36 ~~Arkansas, or any agency or instrumentality of the state, or of any political~~

~~subdivision of the state, or agency or instrumentality thereof, including both direct and indirect obligations and also including bonds or other interest-bearing obligations whether supported by revenue, assessments, or taxes; bonds or other interest-bearing securities of any school district, or any improvement district located in the state, including, but not limited to, drainage districts, levee districts, road improvement districts, waterworks districts, electric light districts, municipal government districts, suburban improvement districts, and central business improvement districts.~~

and subject to the depositor's discretion regarding the suitability of the collateral:

(1) The pledge or escrow of the assets of the bank consisting of any investment in which a state bank may invest pursuant to Arkansas Code 23-47-401;

(2) A surety bond issued by an insurance company licensed under the laws of the State of Arkansas and either:

(A) Rated "A" or better by any one (1) or more of the following rating agencies: A.M. Best Company, Inc., Standard & Poor's Insurance Rating Service, Moody's Investors Service, Inc. or Duff & Phelps Credit Rating Co.; or

(B) Listed on the then current United States Department of the Treasury Listing of Approved Sureties;

(3) Private deposit insurance issued by an insurance company licensed under the laws of the State of Arkansas and either:

(A) Rated "A" or better by any one (1) or more of the following rating agencies: A.M. Best Company, Inc., Standard & Poor's Insurance Rating Service, Moody's Investors Service, Inc. or Duff & Phelps Credit Rating Co.; or

(B) Listed on the then current United States Department of the Treasury Listing of Approved Sureties; or

(4) An irrevocable standby letter of credit issued by a Federal Home Loan Bank.

(b) The aggregate market value of assets pledged or escrowed or the face amount of the surety bond, private deposit insurance or letter of credit securing the deposit of funds by any single depositor must be equal to or exceed the amount of the deposit to be secured.

~~(B)(c)~~ Notwithstanding subdivision (a)(1) hereof, if any political

1 subdivision, school district, ~~or~~ improvement district or other issuer has
2 defaulted on any bonds or other obligations within the preceding period of ten
3 (10) years, bonds or other obligations of the defaulting political
4 subdivision, school district, ~~or~~ improvement district or other issuer shall
5 not be eligible as security for the deposit of public funds or as security
6 required to be deposited in connection with public funds.

7
8 SECTION 2. Arkansas Code 23-47-203(c) is amended to read as follows:

9 (c)(1) A state bank may secure the deposits described in subsections
10 (a) and (b) of this section, subject to the depositor's discretion regarding
11 the suitability of the collateral, by:

12 (A) ~~the~~ The pledge or escrow of the assets of the bank
13 consisting of any investment in which a state bank may invest ~~without~~
14 ~~limitation,~~ pursuant to Arkansas Code 23-47-401-;

15 (B) A surety bond issued by an insurance company licensed
16 under the laws of the State of Arkansas and either:

17 (i) Rated "A" or better by any one (1) or more of the
18 following rating agencies: A.M. Best Company, Inc., Standard & Poor's
19 Insurance Rating Service, Moody's Investors Service, Inc. or Duff & Phelps
20 Credit Rating Co.; or

21 (ii) Listed on the then current United States
22 Department of the Treasury Listing of Approved Sureties;

23 (C) Private deposit insurance issued by an insurance
24 company licensed under the laws of the State of Arkansas and either:

25 (i) Rated "A" or better by any one (1) or more of the
26 following rating agencies: A.M. Best Company, Inc., Standard & Poor's
27 Insurance Rating Service, Moody's Investors Service, Inc. or Duff & Phelps
28 Credit Rating Co.; or

29 (ii) Listed on the then current United States
30 Department of the Treasury Listing of Approved Sureties; or

31 (D) An irrevocable standby letter of credit issued by a
32 Federal Home Loan Bank.

33 (2) The aggregate market value of assets pledged or escrowed ~~to~~
34 ~~secure~~ or the face amount of the surety bond, private deposit insurance or
35 letter of credit securing the deposit of funds by any single depositor must be
36 equal to or exceed the amount of the deposit to be secured.