

1 State of Arkansas
2 92nd General Assembly
3 Regular Session, 2019
4
5 By: Senator K. Hammer
6

As Engrossed: S3/7/19

A Bill

SENATE BILL 390

For An Act To Be Entitled

8 AN ACT TO REGULATE THE DEPOSIT AND INVESTMENT OF
9 CERTAIN FUNDS OF STATE AGENCIES AND INSTITUTIONS OF
10 HIGHER EDUCATION; TO REQUIRE CERTAIN CASH FUNDS TO BE
11 DEPOSITED INTO THE STATE TREASURY MONEY MANAGEMENT
12 TRUST; TO REQUIRE MONEYS IN THE PUBLIC SCHOOL FUND TO
13 BE DEPOSITED INTO THE STATE TREASURY MONEY MANAGEMENT
14 TRUST; TO PROVIDE FOR THE DEPOSIT OF SURPLUS LOCAL
15 SALES AND USE TAX FUNDS INTO THE STATE TREASURY MONEY
16 MANAGEMENT TRUST; TO ALLOW OTHER FUNDS TO BE
17 DEPOSITED INTO THE STATE TREASURY MONEY MANAGEMENT
18 TRUST; TO AMEND THE LAW CONCERNING THE LONG TERM
19 RESERVE FUND; TO ESTABLISH FEES FOR STATE AGENCY
20 FUNDS DEPOSITED INTO THE STATE TREASURY MONEY
21 MANAGEMENT TRUST; AND FOR OTHER PURPOSES.

Subtitle

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24 TO AUTHORIZE AND REQUIRE CERTAIN FUNDS TO
25 BE DEPOSITED INTO THE STATE TREASURY
26 MONEY MANAGEMENT TRUST; TO AMEND THE LONG
27 TERM RESERVE FUND; AND TO ESTABLISH FEES
28 FOR FUNDS DEPOSITED INTO THE STATE
29 TREASURY MONEY MANAGEMENT TRUST.
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32
33 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
34

35 SECTION 1. Arkansas Code § 19-3-603 is amended to read as follows:
36 19-3-603. Authorized deposits.



1 (a) Any entity listed below The following may deposit money to be
 2 deposited into the State Treasury Money Management Trust for the purpose of
 3 investment:

4 (1) State agency's cash funds, as defined in § 19-4-801;

5 (2) ~~Local governments;~~

6 ~~(A) Any~~ The funds of a city, county, school district, or
 7 community college district of this state, and the funds of a

8 ~~(B) Any~~ department, instrumentality, or agency of ~~these~~
 9 ~~entities~~ a city, county, school district, or community college district of
 10 this state; and

11 (3) Except as otherwise prohibited by law, trust funds
 12 established by the General Assembly;

13 (4)(A) Distributions by the Department of Education from the
 14 Public School Fund to public school districts.

15 (B) Funds deposited into the State Treasury Money
 16 Management Trust under subdivision (a)(4)(A) of this section shall be:

17 (i) Transferred by electronic funds transfer;

18 (ii) Segregated for each individual public school
 19 district; and

20 (iii) For the benefit of each individual public
 21 school district; and

22 ~~(3)(5) The Treasurer of State may invest in the State Treasury~~
 23 ~~Money Management Trust to the extent~~ State Treasury funds that are not being
 24 utilized for certificates of deposit under the State Treasury Certificate of
 25 Deposit Investment Program or for trust certificates of deposit ~~pursuant to~~
 26 under the State Treasury Management Law, § 19-3-501 et seq.

27 (b)(1) The following shall submit a quarterly report to the
 28 Legislative Council or, if the General Assembly is in session, to the Joint
 29 Budget Committee, for any funds that are authorized to be deposited into the
 30 State Treasury Money Management Trust under this section but that are not
 31 invested in the State Treasury Money Management Trust:

32 (A)(i) Except as provided in subdivision (b)(1)(A)(ii) of
 33 this section, a state agency with a cash fund, as defined in § 19-4-801.

34 (ii) A retirement system established under Title 24
 35 of this Code and a state-supported institution of higher education are exempt
 36 from the requirements of this subsection; and

1 (B)(i) Beginning January 1, 2020, the Department of
 2 Education.

3 (ii) The Department of Education may use information
 4 provided by the Arkansas Public School Computer Network or its successor to
 5 assist in the creation of the report required under this subsection.

6 (2) The report required under this subsection shall identify
 7 the:

8 (A) Financial institutions where the funds are maintained;

9 (B) Balance of the funds at each financial institution at
 10 the end of the quarter;

11 (C) Quarterly rate of return on the investment of the
 12 funds; and

13 (D) Quarterly interest earned on the funds.

14 (3) Any public entity not identified in subdivision (b)(1) of
 15 this section, including without limitation a county and a municipality, is
 16 not required to submit a report under this subsection.

17
 18 SECTION 2. Arkansas Code § 19-3-604(c)-(f), concerning the State
 19 Treasury Money Management Trust, are amended to read as follows:

20 (c)(1) Moneys deposited into the State Treasury Money Management Trust
 21 by participants other than the State Treasury are not and shall not become
 22 part of State Treasury funds.

23 (2) The State Treasury Money Management Trust shall operate as a
 24 segregated account for custodial, depository, and accounting purposes.

25 (3)(A) Except as required under § 19-3-603(b), a participant
 26 may deposit at will into and, up to the balance of the participant's account,
 27 obtain moneys upon demand from the State Treasury Money Management Trust.

28 (B) A demand for funds by a participant under this
 29 subdivision (c)(3) shall be made by notice as prescribed by the State Board
 30 of Finance.

31 (d) Each participant ~~who elects to deposit money~~ that deposits moneys
 32 into the State Treasury Money Management Trust shall provide the account
 33 information required by the State Board of Finance, including without
 34 limitation the identity of any person authorized to conduct transactions on
 35 behalf of the participant.

36 (e) ~~Any~~ A loss of principal or interest realized as the result of a

1 participant's demand for withdrawal of funds shall be incurred by the
 2 participant requesting the withdrawal and deducted on the day the withdrawal
 3 is made.

4 (f)(1) The Treasurer of State may+

5 ~~(A) Assess~~ assess reasonable charges against the account
 6 of a participant in the State Treasury Money Management Trust for
 7 reimbursement of administration and operational expenses; ~~and~~

8 ~~(B) Charge a reasonable fee for managing the State~~
 9 ~~Treasury Money Management Trust.~~

10 (2)(A) The State Board of Finance shall set any charge or fee
 11 imposed under this subsection.

12 (B) The charges and fees set by the State Board of Finance
 13 under subdivision (f)(2)(A) of this section shall be deposited into the Long
 14 Term Reserve Fund.

15 ~~(3) Charges and fees received under this subsection shall be~~
 16 ~~deposited into the State Treasury in a fund for the benefit of the Treasurer~~
 17 ~~of State.~~

18
 19 SECTION 3. Arkansas Code § 19-5-905(a)(7), concerning the use of the
 20 Securities Reserve Fund, is amended to read as follows:

21 (7) To distribute:

22 (A) Interest income earned on investment of balances of
 23 the following:

24 (i) The State Highway and Transportation Department
 25 Fund, as authorized by § 27-70-204;

26 (ii) The Game Protection Fund, as authorized by §
 27 15-41-110;

28 (iii) The funds deposited into the State Treasury by
 29 state agencies, boards, and commissions that were previously held as cash
 30 funds in a bank depository or investment depository, as authorized by § 19-3-
 31 518(d); ~~and~~

32 (iv) State and Local Fiscal Assistance Act of 1972,
 33 31 U.S.C. § 6701 et seq., as authorized by § 19-3-521(c); and

34 (v) The Long Term Reserve Fund, as authorized under
 35 § 19-6-486(h); and

36 (B) Interest income earned from investment of State

1 Treasury balances by any other laws enacted by the General Assembly;

2

3 SECTION 4. Arkansas Code § 19-6-486(b), concerning the Long Term
4 Reserve Fund, is amended to read as follows:

5 (b) The Long Term Reserve Fund shall consist of ~~such~~:

6 (1) Funds received from the charges and fees collected under §
7 19-3-604(f)(2)(B); and

8 (2) Any other funds as may be provided by the General Assembly.

9

10 SECTION 5. Arkansas Code § 19-6-486, concerning the Long Term Reserve
11 Fund, is amended to add an additional subsection to read as follows:

12 (h)(1) Interest earned on the Long Term Reserve Fund is special
13 revenue.

14 (2) On the second business day that the State Treasury is open
15 following the twenty-fifth day of the month, the Treasurer of State shall:

16 (A) Compute the balance of the Long Term Reserve Fund for
17 the immediately preceding month;

18 (B) Compute the interest on the balance of the Long Term
19 Reserve Fund under § 19-3-518(d)(4); and

20 (C) After making the deductions stated in § 19-5-
21 203(b)(2)(A) from the special revenues, transfer the remaining interest on
22 the Long Term Reserve Fund to the Long Term Reserve Fund.

23

24 SECTION 6. Arkansas Code § 26-74-221(b)(2), concerning the
25 administration of the Local Sales and Use Tax Trust Fund with respect to
26 county sales and use taxes for capital improvements, is amended to read as
27 follows:

28 (2)(A) After making the estimate, the administrator shall invest
29 the estimated surplus amount in ~~certificates of deposit issued by any~~
30 ~~financial institution located in the State of Arkansas~~ the State Treasury
31 Money Management Trust, as authorized in the State Treasury Money Management
32 Trust Act, § 19-3-601 et seq.

33 (B) All interest income derived from the ~~certificates of~~
34 ~~deposit~~ investment of funds under subdivision (b)(2)(A) of this section shall
35 be credited as trust fund income to the Local Sales and Use Tax Trust Fund.

36

1 SECTION 7. Arkansas Code § 26-74-317(b)(2), concerning the
2 administration of the Local Sales and Use Tax Trust Fund with respect to
3 county sales and use taxes for capital improvements, is amended to read as
4 follows:

5 (2)(A) After making the estimate, the administrator shall invest
6 the estimated surplus amount in ~~certificates of deposit issued by any~~
7 ~~financial institution located in the State of Arkansas~~ the State Treasury
8 Money Management Trust, as authorized in the State Treasury Money Management
9 Trust Act, § 19-3-601 et seq.

10 (B) All interest income derived from the ~~certificates of~~
11 ~~deposit investment of funds under subdivision (b)(2)(A) of this section~~ shall
12 be credited as trust fund income to the Local Sales and Use Tax Trust Fund.
13

14 SECTION 8. Arkansas Code § 26-74-413(b)(2), concerning the
15 administration of the Local Sales and Use Tax Trust Fund with respect to
16 county sales and use taxes in counties without an existing tax, is amended to
17 read as follows:

18 (2)(A) After making the estimate, the administrator shall invest
19 the estimated surplus amount in ~~certificates of deposit issued by any~~
20 ~~financial institution located in the State of Arkansas~~ the State Treasury
21 Money Management Trust, as authorized in the State Treasury Money Management
22 Trust Act, § 19-3-601 et seq.

23 (B) All interest income derived from the ~~certificates of~~
24 ~~deposit investment of funds under subdivision (b)(2)(A) of this section~~ shall
25 be credited as trust fund income to the Local Sales and Use Tax Trust Fund.
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27 SECTION 9. Arkansas Code § 26-74-613(b)(2), concerning the
28 administration of the Local Sales and Use Tax Trust Fund with respect to
29 county sales and use taxes for capital improvements of a community college,
30 is amended to read as follows:

31 (2)(A) After making the estimate, the Treasurer of State shall
32 invest the estimated surplus amount in ~~certificates of deposit issued by any~~
33 ~~financial institution located in the State of Arkansas~~ the State Treasury
34 Money Management Trust, as authorized in the State Treasury Money Management
35 Trust Act, § 19-3-601 et seq.

36 (B) All interest income derived from the ~~certificates of~~

1 ~~deposit investment of funds under subdivision (b)(2)(A) of this section~~ shall
2 be credited as trust fund income to the Local Sales and Use Tax Trust Fund.

3
4 SECTION 10. Arkansas Code § 26-75-223(b)(2), concerning the
5 administration of the Local Sales and Use Tax Trust Fund with respect to
6 municipal sales and use taxes for capital improvements, is amended to read as
7 follows:

8 (2)(A) After making the estimate, the administrator shall invest
9 the estimated surplus amount in ~~certificates of deposit issued by any~~
10 ~~financial institution located in the State of Arkansas~~ the State Treasury
11 Money Management Trust, as authorized in the State Treasury Money Management
12 Trust Act, § 19-3-601 et seq.

13 (B) All interest income derived from the ~~certificates of~~
14 ~~deposit investment of funds under subdivision (b)(2)(A) of this section~~ shall
15 be credited as trust fund income to the Local Sales and Use Tax Trust Fund.

16
17 SECTION 11. Arkansas Code § 26-75-318(b)(2), concerning the
18 administration of the Local Sales and Use Tax Trust Fund with respect to
19 municipal sales and use taxes for capital improvements, is amended to read as
20 follows:

21 (2)(A) After making the estimate, the administrator shall invest
22 the estimated surplus amount in ~~certificates of deposit issued by any~~
23 ~~financial institution located in the State of Arkansas~~ the State Treasury
24 Money Management Trust, as authorized in the State Treasury Money Management
25 Trust Act, § 19-3-601 et seq.

26 (B) All interest income derived from the ~~certificates of~~
27 ~~deposit investment of funds under subdivision (b)(2)(A) of this section~~ shall
28 be credited as trust fund income to the Local Sales and Use Tax Trust Fund.

29
30 SECTION 12. Arkansas Code § 26-82-113(b)(2), concerning the
31 administration of the Local Sales and Use Tax Trust Fund under the Local
32 Sales and Use Tax Economic Development Project Funding Act, is amended to
33 read as follows:

34 (2)(A) After making an estimate under subdivision (b)(1) of this
35 section, the Treasurer of State shall invest the estimated surplus amount in
36 ~~certificates of deposit issued by any financial institution located in the~~

1 ~~state~~ the State Treasury Money Management Trust, as authorized in the State
2 Treasury Money Management Trust Act, § 19-3-601 et seq.

3 (B) All interest income derived from the ~~certificates of~~
4 ~~deposit~~ investment of funds under subdivision (b)(2)(A) of this section shall
5 be credited as trust fund income to the Local Sales and Use Tax Trust Fund.

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/s/K. Hammer

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