

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 1169
Committee Substitute Favorable 4/27/05

Short Title: Investments of State and Local Funds.

(Public)

Sponsors:

Referred to:

April 11, 2005

A BILL TO BE ENTITLED
AN ACT TO AUTHORIZE THE INVESTMENT OF STATE AND LOCAL FUNDS
IN NORTH CAROLINA FINANCIAL INSTITUTIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 147-69.1(c)(5) reads as rewritten:

"(c) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated in subsection (b) of this section in excess of the amount required to meet the current needs and demands on such funds, selecting from among the following:

...

(5) ~~Time~~ Certificates of deposit and other time deposits of financial institutions with institutions under any of the following conditions:

a. With financial institutions with a physical presence in North Carolina the State for the purpose of receiving commercial or retail deposits; provided that any principal amount of such deposit in excess of the amount insured by the federal government or any agency thereof, be fully secured by surety bonds, or be fully collateralized; provided further that the rate of return or investment yield may not be less than that available in the market on United States government or agency obligations of comparable maturity.

b. With financial institutions with a physical presence inside or outside the State, in accordance with all of the following conditions:

1. The funds are initially deposited through a bank or savings and loan association in the State that is an official depository and that is selected by the State Treasurer, provided that the rate of return or investment yield shall not be less than that available in the market on

- 1 United States government or agency obligations of
2 comparable maturity.
- 3 2. The selected bank or savings and loan association
4 arranges for the deposit of the funds in certificates of
5 deposit for the account of the State in one or more
6 federally insured banks or savings and loan associations
7 wherever located, provided that no State funds shall be
8 deposited in a bank or savings and loan association that
9 at the time holds other deposits from the State.
- 10 3. The full amount of principal and any accrued interest of
11 each certificate of deposit are covered by federal deposit
12 insurance.
- 13 4. The selected bank or savings and loan association acts as
14 custodian for the State with respect to the certificates of
15 deposit issued for the State's account.
- 16 5. At the same time that the State funds are deposited and
17 the certificates of deposit are issued, the selected bank or
18 savings and loan association receives an amount of
19 deposits from customers of other federally insured
20 financial institutions wherever located equal to or greater
21 than the amount of the funds invested by the State
22 through the selected bank or savings and loan association
23 pursuant to this sub-subdivision."

24 **SECTION 2.** G.S. 159-30 is amended by adding the following new
25 subsection to read:

26 "(b1) In addition to deposits authorized by subsection (b) of this section, the
27 finance officer may deposit any portion of idle funds in accordance with all of the
28 following conditions:

- 29 (1) The funds are initially deposited through a bank or savings and loan
30 association that is an official depository and that is selected by the
31 finance officer.
- 32 (2) The selected bank or savings and loan association arranges for the
33 deposit of funds in certificates of deposit for the account of the local
34 government or public authority in one or more federally insured banks
35 or savings and loan associations wherever located, provided that no
36 funds shall be deposited in a bank or savings and loan association that
37 at the time holds other deposits from the local government or public
38 authority.
- 39 (3) The full amount of principal and any accrued interest of each
40 certificate of deposit are covered by federal deposit insurance.
- 41 (4) The selected bank or savings and loan association acts as custodian for
42 the local government or public authority with respect to the certificates
43 of deposit issued for the local government's or public authority's
44 account.

1 (5) At the same time that the local government or public authority funds
2 are deposited and the certificates of deposit are issued, the selected
3 bank or savings and loan association receives an amount of deposits
4 from customers of other federally insured financial institutions
5 wherever located equal to or greater than the amount of the funds
6 invested by the local government or public authority through the
7 selected bank or savings and loan association."

8 **SECTION 3.** G.S. 115D-58.6(b) reads as rewritten:

9 "(b) Moneys may be deposited at interest in any bank, savings and loan
10 association or trust company in this State in the form of certificates of deposit or such
11 other forms of time deposits as may be approved for county governments. In addition,
12 moneys may be deposited in the form of certificates of deposit as provided for a local
13 government or public authority in G.S. 159-30(b1). Investment deposits shall be secured
14 as provided in G.S. 159-31(b)."

15 **SECTION 4.** This act becomes effective October 1, 2005.