

State of Minnesota

H. F. No. 3087

1.1 A bill for an act

1.2 relating to state government; specifying the types of collateral the Executive Council

1.3 may approve for deposit with the commissioner of management and budget;

1.4 amending Minnesota Statutes 2020, section 9.031, subdivision 3.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2020, section 9.031, subdivision 3, is amended to read:

1.7 Subd. 3. **Collateral.** (a) In lieu of the corporate bond required in subdivision 2, a

1.8 depository may deposit with the commissioner of management and budget collateral to

1.9 secure state funds that are to be deposited with it. The Executive Council must approve the

1.10 collateral.

1.11 (b) The Executive Council shall not approve any collateral except:

1.12 (1) bonds and certificates of indebtedness, other than bonds secured by real estate, that

1.13 are legal investments for savings banks under any law of the state; ~~and~~

1.14 (2) bonds of any insular possession of the United States, of any state, or of any agency

1.15 of this state, the payment of the principal and interest of which is provided for by other than

1.16 direct taxation;

1.17 (3) United States government treasury bills, treasury notes, and treasury bonds;

1.18 (4) issues of United States government agencies and instrumentalities, as quoted by a

1.19 recognized industry quotation service available to the government entity;

1.20 (5) general obligation securities of any state or local government with taxing powers

1.21 which is rated "A" or better by a national bond rating service, or revenue obligation securities

2.1 of any state or local government with taxing powers which is rated "AA" or better by a
2.2 national bond rating service;

2.3 (6) general obligation securities of a local government with taxing powers may be pledged
2.4 as collateral against funds deposited by that same local government entity;

2.5 (7) irrevocable standby letters of credit issued by Federal Home Loan Banks to a
2.6 municipality accompanied by written evidence that the bank's public debt is rated "AA" or
2.7 better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and

2.8 (8) time deposits that are fully insured by any federal agency.

2.9 (c) The collateral deposited shall be accompanied by an assignment thereof to the state,
2.10 which assignment shall recite that:

2.11 (1) the depository will pay all the state funds deposited with it to the commissioner of
2.12 management and budget, free of exchange or other charge, at any place in this state
2.13 designated by the commissioner of management and budget; if the deposit is a time deposit
2.14 it shall be paid, together with interest, only when due; and

2.15 (2) in case of default by the depository the state may sell the collateral, or as much of it
2.16 as is necessary to realize the full amount due from the depository, and pay any surplus to
2.17 the depository or its assigns.

2.18 (d) Upon the direction of the Executive Council, the commissioner of management and
2.19 budget, on behalf of the state, may reassign in writing to the depository any registered
2.20 collateral pledged to the state by assignment thereon.

2.21 (e) A depository may deposit collateral of less value than the total designation and may,
2.22 at any time during the period of its designation, deposit additional collateral, withdraw
2.23 excess collateral, and substitute other collateral for all or part of that on deposit. Approval
2.24 of the Executive Council is not necessary for the withdrawal of excess collateral.

2.25 (f) If the depository is not in default the commissioner of management and budget shall
2.26 pay the interest collected on the deposited collateral to the depository.