

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 1737

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DATE	D-PG	OFFICIAL STATUS
02/08/2012	3765	Introduction and first reading Referred to Local Government and Elections
03/01/2012		Comm report: To pass as amended and re-refer to Commerce and Consumer Protection

A bill for an act
relating to local government finance; authorizing certain investments; providing
for designated depositories; amending Minnesota Statutes 2010, sections
118A.04, subdivision 5; 123B.14, subdivision 3; 366.01, subdivision 4; 385.07;
427.06.

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

Section 1. Minnesota Statutes 2010, section 118A.04, subdivision 5, is amended to read:

Subd. 5. **Time deposits and other interest-bearing deposits.** Funds may be
invested in time deposits and other interest-bearing deposits that are fully insured by the
Federal Deposit Insurance Corporation or bankers acceptances of United States banks.

Sec. 2. Minnesota Statutes 2010, section 123B.14, subdivision 3, is amended to read:

Subd. 3. **Official depository.** (a) The treasurer shall deposit the funds of the district
in the official depository.

(b) In addition to the authority for deposit of district money pursuant to paragraph (a)
or other provisions of this chapter, the treasurer may deposit district money in the official
depository under the following conditions:

(1) The official depository is authorized by the treasurer to (i) arrange for the
redeposit of the money into deposit accounts in one or more banks or savings and loan
associations that are located in the United States, and (ii) serve as custodian for the
district with respect to the money redeposited into such accounts. An entity serving as
subcustodian for the official depository shall have at least five years' experience serving in
that capacity.

(2) The full amount of the redeposited district funds, plus accrued interest, if any,
must be insured by the Federal Deposit Insurance Corporation.

(3) On the same date that the district money is redeposited, the official depository receives an amount of deposits from customers of other financial institutions that is equal to the amount of the district money redeposited by the official depository.

Sec. 3. Minnesota Statutes 2010, section 366.01, subdivision 4, is amended to read:

Subd. 4. **Depository; terms; liability; interest.** (a) They may designate a bank as the depository of town money for a time not extending beyond their official term, after the execution by the bank of a sufficient bond to the town to be approved by the board and filed in the office of the town clerk. They may then require the treasurer to deposit all or part of the town money in that bank. The designation shall be in writing, and set forth all the terms upon which the deposits are made. It shall be signed by the chair and clerk and filed with the clerk. The town treasurer shall not be liable for the loss of money while deposited in the bank. All interest on the money shall belong to the town.

(b) In addition to the authority for deposit of town money pursuant to paragraph (a) or other provisions of this chapter, the town treasurer may deposit town money in a designated depository under the following conditions:

(1) The designated depository is authorized by the town treasurer to (i) arrange for the redeposit of the money into deposit accounts in one or more banks or savings and loan associations that are located in the United States, and (ii) serve as custodian for the town with respect to the money redeposited into such accounts. An entity serving as subcustodian for the designated depository shall have at least five years' experience serving in that capacity.

(2) The full amount of the redeposited town funds, plus accrued interest, if any, must be insured by the Federal Deposit Insurance Corporation.

(3) On the same date that the town money is redeposited, the designated depository receives an amount of deposits from customers of other financial institutions that is equal to the amount of the town money redeposited by the designated depository.

Sec. 4. Minnesota Statutes 2010, section 385.07, is amended to read:

385.07 FUNDS, WHERE DEPOSITED OR INVESTED.

(a) All county funds shall be deposited promptly and intact by the county treasurer in the name of the county or invested as provided in section 118A.04. Interest and profits which accrue from such investment shall, when collected, be credited to the general revenue fund of the county.

(b) In addition to the authority for deposit of county funds pursuant to paragraph (a), the county treasurer may deposit county funds in a designated depository under the following conditions:

(1) The designated depository is authorized by the county treasurer to (i) arrange for the redeposit of the funds into deposit accounts in one or more banks or savings and loan associations that are located in the United States, and (ii) serve as custodian for the county with respect to the funds redeposited into such accounts. An entity serving as subcustodian for the designated depository shall have at least five years' experience serving in that capacity.

(2) The full amount of the redeposited county funds, plus accrued interest, if any, must be insured by the Federal Deposit Insurance Corporation.

(3) On the same date that the county funds are redeposited, the designated depository receives an amount of deposits from customers of other financial institutions that is equal to the amount of the county funds redeposited by the designated depository.

Sec. 5. Minnesota Statutes 2010, section 427.06, is amended to read:

427.06 MONEY, HOW DEPOSITED; CHECKS, HOW DRAWN.

(a) All money of any city kept in accordance with sections 427.02 to 427.07 in any depository designated by the council of the city shall be kept and deposited in the name of the city and the depository shall have no authority to pay out this money except upon checks drawn upon the depository signed by the city treasurer and countersigned by the city comptroller or recording officer of the city.

(b) In addition to the authority for deposit of city money pursuant to paragraph (a) or other provisions of this chapter, the city treasurer may deposit city money in a designated depository under the following conditions:

(1) The designated depository is authorized by the city treasurer to (i) arrange for the redeposit of the money into deposit accounts in one or more banks or savings and loan associations that are located in the United States, and (ii) serve as custodian for the city with respect to the money redeposited into such accounts. An entity serving as subcustodian for the designated depository shall have at least five years' experience serving in that capacity.

(2) The full amount of the redeposited city funds, plus accrued interest, if any, must be insured by the Federal Deposit Insurance Corporation.

(3) On the same date that the city money is redeposited, the designated depository receives an amount of deposits from customers of other financial institutions that is equal to the amount of the city money redeposited by the designated depository.