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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. **2174**

02/09/2012 Authored by O'Driscoll, Rukavina, Murdock, Lillie and Hoppe

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

02/20/2012 Adoption of Report: Pass as Amended and re-referred to Government Operations and Elections

1.1 A bill for an act
1.2 relating to local government finance; authorizing certain investments; providing
1.3 for designated depositories; amending Minnesota Statutes 2010, sections
1.4 123B.14, subdivision 3; 366.01, subdivision 4; 385.07; 427.06.

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

1.6 Section 1. Minnesota Statutes 2010, section 123B.14, subdivision 3, is amended to read:

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

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

1.12 (1) The official depository is authorized by the treasurer to (i) arrange for the
1.13 redeposit of the money into deposit accounts in one or more banks or savings and loan
1.14 associations that are located in the United States, and (ii) serve as custodian for the district
1.15 with respect to the money redeposited into such accounts.

1.16 (2) The full amount of the redeposited district funds, plus accrued interest, if any,
1.17 must be insured by the Federal Deposit Insurance Corporation. Any entity serving as
1.18 subcustodian for the official depository shall have had at least five years of general
1.19 custodial experience.

1.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.21 Sec. 2. Minnesota Statutes 2010, section 366.01, subdivision 4, is amended to read:

1.22 Subd. 4. **Depository; terms; liability; interest.** (a) They may designate a bank as
1.23 the depository of town money for a time not extending beyond their official term, after the

2.1 execution by the bank of a sufficient bond to the town to be approved by the board and
2.2 filed in the office of the town clerk. They may then require the treasurer to deposit all or
2.3 part of the town money in that bank. The designation shall be in writing, and set forth all
2.4 the terms upon which the deposits are made. It shall be signed by the chair and clerk and
2.5 filed with the clerk. The town treasurer shall not be liable for the loss of money while
2.6 deposited in the bank. All interest on the money shall belong to the town.

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

2.10 (1) The designated depository is authorized by the town treasurer to (i) arrange for
2.11 the redeposit of the money into deposit accounts in one or more banks or savings and loan
2.12 associations that are located in the United States, and (ii) serve as custodian for the town
2.13 with respect to the money redeposited into such accounts.

2.14 (2) The full amount of the redeposited town funds, plus accrued interest, if any,
2.15 must be insured by the Federal Deposit Insurance Corporation. Any entity serving as
2.16 subcustodian for the designated depository shall have had at least five years of general
2.17 custodial experience.

2.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.19 Sec. 3. Minnesota Statutes 2010, section 385.07, is amended to read:

2.20 **385.07 FUNDS, WHERE DEPOSITED OR INVESTED.**

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

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

2.28 (1) The designated depository is authorized by the county treasurer to (i) arrange for
2.29 the redeposit of the funds into deposit accounts in one or more banks or savings and loan
2.30 associations that are located in the United States, and (ii) serve as custodian for the county
2.31 with respect to the funds redeposited into such accounts.

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

3.1 subcustodian for the designated depository shall have had at least five years of general
3.2 custodial experience.

3.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.4 Sec. 4. Minnesota Statutes 2010, section 427.06, is amended to read:

3.5 **427.06 MONEY, HOW DEPOSITED; CHECKS, HOW DRAWN.**

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

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

3.14 (1) The designated depository is authorized by the city treasurer to (i) arrange for the
3.15 redeposit of the money into deposit accounts in one or more banks or savings and loan
3.16 associations that are located in the United States, and (ii) serve as custodian for the city
3.17 with respect to the money redeposited into such accounts.

3.18 (2) The full amount of the redeposited city funds, plus accrued interest, if any,
3.19 must be insured by the Federal Deposit Insurance Corporation. Any entity serving as
3.20 subcustodian for the designated depository shall have had at least five years' experience
3.21 serving in that capacity.

3.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.