

CHAPTER 418—H. F. No. 1091.

An act authorizing the board of armory supervisors to sell state armory sites and buildings in certain cases.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **Transfer of armory site and buildings.**—The state board of armory supervisors is hereby authorized and empowered to sell, transfer and convey on behalf of the state any state armory site and buildings which in the judgment of the board is unsuitable for military purposes or which has been condemned by the state fire marshal or the state insurance commissioner. The moneys so received from the sale of such armories shall be paid into the state treasury and by the treasurer accredited to the general armory fund.

Sec. 2. This act shall take effect and be in force from and after its passage.

Approved April 23, 1919.

CHAPTER 419—H. F. No. 1155.

An act creating a state board of deposit and repealing Sections 91, 93, 94, 95, 96 and 97, General Statutes 1913, and Chapter 396, Laws of 1917, said sections and chapter being inconsistent with this act.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **Board of audit.**—The state treasurer, secretary of state, state auditor, attorney general and superintendent of banks shall constitute a state board of deposit, and shall serve as members of such board without additional pay. Any three of them shall constitute a quorum. The treasurer shall be chairman of the board, and the superintendent of banks its secretary. A record of its proceedings shall be kept and be open at all times to public inspection. The board shall meet at convenient times upon the call of its chairman, and shall perform the duties hereinafter prescribed.

Sec. 2. **Designation of banks or trust companies as depositories.**—Said board of deposit shall designate such banks or trust companies within the state which has been organized at least one year as it may deem necessary to receive deposits of state funds, and prescribe the maximum amount which may be deposited in each. After such banks have given the required bonds and in all other respects complied with the conditions of such designation, the treasurer may deposit therein, in the name of the state, all state funds that shall be or come into his hands; but the amount on deposit at any time in any of said depositories shall not exceed the sum authorized by the board of deposit. The treasurer shall not be liable for the safe-keeping of moneys of the state while so lawfully deposited.

Sec. 3. **Surety bond.**—Before any bank or trust company

shall receive state funds it shall give to the state a corporate or individual surety bond. If corporate surety bond is furnished the board of deposit may fix a limit of deposit equal to the penalty named in such bond. More than one corporate surety bond may be furnished, the aggregate thereof to equal the amount required. If personal surety bond be given the limit of deposit shall be one-half the penalty thereof; such bond shall have at least five individual sureties, each of whom shall be worth and shall justify in the sum of at least ten thousand dollars above liabilities and exemptions, and the total shall be at least double the penalty of the bond. No individual shall sign more than two such bonds. Individual surety bonds shall be accompanied by the verified statement of each surety thereon, showing the assets and liabilities of such surety. Depository bonds shall include the condition that there shall be paid to the state treasurer, or his order, upon demand, at any place in this state designated by him, free of exchange, all of the state funds deposited in the depository furnishing such bond at any time while the same shall be in force, with interest thereon at the rate agreed upon and approved by the board. Interest shall be paid upon daily balances, such interest to be credited at the end of each month unless otherwise agreed upon. The board of deposit shall fix the limit of deposit to be made in any depository, which shall not exceed fifty per cent of the capital stock thereof, except in the case of an active depository it may be made not to exceed fifty per cent of its capital stock and permanent surplus. No trust company shall be designated as a depository unless it maintains a permanent surplus equal to that required of banks of similar capitalization. Depository bonds shall be approved by the board and filed with the treasurer.

Sec. 4. Additional bonds.—The board of deposit shall not approve the bond of any bank or trust company until fully satisfied that the same is in proper form, the sureties sufficient, the bank or trust company prosperous and financially sound, and the capital stock claimed by it fully paid up and not impaired. And at any time the board or the treasurer may require of any such bank or trust company a new or an additional bond, or may revoke its designation of any bank as such depository. Immediately upon such revocation the treasurer shall withdraw all state moneys therefrom and shall make no further deposits therein.

Sec. 5. Division of depositories.—State depositories shall be divided into two classes to be known as active and inactive. Active depositories shall be designated only in cities having clearing house organizations, and checks shall be drawn by the treasurer against such active depositories only in paying state warrants. All state funds deposited in active depositories shall be subject to withdrawal by the treasurer upon demand. Surplus funds not required to meet the state's current disbursements shall be deposited in the inactive

depositories. Such deposits may be made for a definite period, subject, however, to withdrawal upon demand by the treasurer.

Sec. 6. Collateral security.—In lieu of a corporate or personal surety bond, or in addition thereto, any designated depository may furnish as collateral security for state funds United States government securities or instrumentalities, state bonds of this or any other state, certificates of indebtedness of this state, or the bonds of any municipality of this state. Such municipal bonds shall be of the classes and kinds in which the permanent trust funds of the state may be invested. The bank or trust company offering such collateral as security for state funds shall execute an assignment and transfer thereof to the state. Such assignment shall include the same conditions required when surety bonds is furnished, together with authority to the state to sell such securities, or any part thereof, if necessary to realize the full amount of the funds deposited in such depository, together with interest thereon, and to pay the balance, or over-plus, if any, to the depository entitled thereof. Such collateral shall be approved by the board of deposit and be deposited with the treasurer.

Sec. 7. Statement of financial condition.—Whenever it shall deem it necessary the board of deposit may require any depository having state funds on deposit, or any surety on a bond of such bank, to furnish a sworn statement of the financial condition of such depository or surety; and a failure to render such statement within a reasonable time shall be sufficient ground for revoking the designation. Every person who shall make any false statement to said board touching the financial condition of such depository, or touching his own financial ability as a surety, whether in an affidavit of justification or in response to any inquiry or request of the board, shall be guilty of a gross misdemeanor.

Sec. 8. Rate of interest.—The rate of interest to be paid by inactive depositories upon state deposits shall be not less than three per cent, and in case of active depositories not less than the current rate paid upon active accounts of a similar character, but which shall not be less than two per cent.

Sec. 9. Existing designations to continue in force.—Existing designations of state depositories shall continue in force until required by the board of deposit to comply with the provisions of this act, which shall be within sixty days after its passage; provided, that existing state depositories which have been organized less than one year may continue as such depositories by complying with the other provisions of this act.

Sec. 10. Certain sections repealed.—Sections 91, 93, 94, 95, 96 and 97, General Statutes 1913, and chapter 396, Laws 1917, are hereby repealed.

Approved April 24, 1919.