

CHAPTER 9

EXECUTIVE COUNCIL

9.031 Depositories for state funds.

9.031 DEPOSITORIES FOR STATE FUNDS.

Subdivision 1. **Requirements for depositories.** The Executive Council shall designate banks, trust companies, or credit unions within the state as depositories to receive state funds. The commissioner of finance is not liable for the safekeeping of the funds so lawfully deposited. The banks, trust companies, or credit unions so designated as depositories must:

- (1) have been organized for at least one year; or
- (2) have taken over or absorbed a bank, trust company, or credit union that has been organized for at least one year.

Subd. 2. **Bond.** Except as provided in subdivision 3, a depository shall furnish and file with the commissioner of finance a corporate surety bond to secure state funds deposited with it. The Executive Council shall approve the bond.

The Executive Council shall not approve any depository bond until fully satisfied that the bond is in proper form, the securities sufficient, the depository prosperous and financially sound, and the capital stock claimed by it fully paid up and not impaired. Each depository bond shall provide that during the time the bond is in force the depository will pay all the state funds deposited with it to the commissioner of finance, free of exchange, at any place in the state designated by the commissioner of finance. If the deposit is a time deposit it shall be paid, together with interest, only when due. At any time the Executive Council or the commissioner of finance may require a new or additional bond from any depository.

Subd. 3. **Collateral.** In lieu of the corporate bond required in subdivision 2, a depository may deposit with the commissioner of finance collateral to secure state funds that are to be deposited with it. The Executive Council must approve the collateral.

The Executive Council shall not approve any collateral except:

- (1) bonds and certificates of indebtedness, other than bonds secured by real estate, that are legal investments for savings banks under any law of the state; and
- (2) bonds of any insular possession of the United States, of any state, or of any agency of this state, the payment of the principal and interest of which is provided for by other than direct taxation.

The collateral deposited shall be accompanied by an assignment thereof to the state, which assignment shall recite that:

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

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

Upon the direction of the Executive Council, the commissioner of finance, on behalf of the state, may reassign in writing to the depository any registered collateral pledged to the state by assignment thereon.

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

If the depository is not in default the commissioner of finance shall pay the interest collected on the deposited collateral to the depository.

[For text of subds 4 and 5, see M.S.2002]

Subd. 6. **Power to deposit.** The commissioner of finance may deposit in any qualified depository, in the name of the state, state funds in hand.

Subd. 7. **Special deposits; interest.** The Executive Council may permit any designated depository to receive from any official, department, institution, or other agency of the state special deposits of state moneys that have not been paid into the state treasury. All moneys so deposited are deemed deposited pursuant to such designation.

Upon direction of the commissioner of finance a depository may receive and carry as a special deposit an amount of money withdrawn from the treasury that may be immediately required to pay principal or interest, or both, of maturing obligations of the state. Upon the direction of the commissioner of finance the depository may pay out of such deposit the maturing obligations and surrender them to the commissioner of finance for cancellation.

The Executive Council shall fix the rate of interest to be paid upon the special accounts authorized by this subdivision or may waive payment of interest if in its judgment the average amount deposited is not sufficient to justify charging interest.

Subd. 8. **Active and inactive depositories.** Depositories shall be divided into two classes to be known as active and inactive. A depository may be designated as a depository of both classes.

All state funds deposited in active depositories are subject to withdrawal by the commissioner of finance upon demand and no interest shall be charged on these deposits.

Surplus funds not required to meet the state's current disbursements shall be deposited for a definite period in inactive depositories and interest shall be paid on these deposits at a rate of not less than one percent per annum nor more than the maximum rate authorized to be paid by Minnesota state banks other than savings banks. This rate shall be fixed by the Executive Council in accordance with the current rate upon similar deposits.

[For text of subd 9, see M.S.2002]

Subd. 10. **Closing; default.** The closing of a depository is a default by the depository and no demand by the state or its commissioner of finance is necessary to establish the default. When a depository closes, any time deposit therein is immediately due and payable.

[For text of subd 11, see M.S.2002]

Subd. 12. **Revoking designation of depository.** The Executive Council may revoke its designation of any depository at any time. Upon revocation of an active depository the commissioner of finance shall withdraw the state funds deposited therein immediately and shall make no further deposits therein. Upon revocation of an inactive depository the commissioner of finance shall withdraw state funds deposited therein when they become due and shall make no further deposits therein.

[For text of subd 13, see M.S.2002]

History: 2003 c 112 art 2 s 50