

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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HOUSE PRINCIPAL CLERK

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HOUSE DRH10183-ML-154 (03/26)

Short Title: Redeposit Govt. Funds Into Ins. Deposit Acct. (Public)

Sponsors: Representatives S. Ross, Dockham, Lambeth, and Goodman (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE REDEPOSIT OF STATE AND LOCAL GOVERNMENT
3 FUNDS INTO INSURED DEMAND, MONEY MARKET, AND NEGOTIABLE ORDER
4 OF WITHDRAWAL DEPOSIT ACCOUNTS.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 159-30(b1) reads as rewritten:

7 "(b1) In addition to deposits authorized by subsection (b) of this section, the finance
8 officer may deposit any portion of idle funds in accordance with all of the following conditions:

- 9 (1) The funds are initially deposited through a bank or savings and loan
10 association that is an official depository and that is selected by the finance
11 officer.
- 12 (2) The selected bank or savings and loan association arranges for the
13 ~~deposit~~ redeposit of funds in ~~certificates of deposit for the account~~ accounts
14 of the local government or public authority in one or more federally insured
15 banks or savings and loan associations wherever located, provided that no
16 funds shall be deposited in a bank or savings and loan association that at the
17 time holds other deposits from the local government or public authority.
- 18 (3) The full amount of principal and any accrued interest of each ~~certificate of~~
19 deposit account are covered by federal deposit insurance.
- 20 (4) The selected bank or savings and loan association acts as custodian for the
21 local government or public authority with respect to the ~~certificates of~~
22 deposit issued for in the local government's or public authority's account.
- 23 (5) ~~At the same time~~ On the same date that the local government or public
24 authority funds are ~~deposited and the certificates of deposit are~~
25 issued, redeposited, the selected bank or savings and loan association
26 receives an amount of federally insured deposits from customers of other
27 ~~federally insured~~ financial institutions wherever located equal to or greater
28 than the amount of the funds invested by the local government or public
29 authority through the selected bank or savings and loan association."

30 SECTION 2. G.S. 115D-58.6(a1) reads as rewritten:

31 "(a1) Deposits. – The institution may deposit at interest all or part of the cash balance of
32 any fund in an official depository of the institution. Moneys may be deposited at interest in any
33 official depository of the institution in the form of ~~certificates of such~~ deposit ~~or such other~~
34 ~~forms of time deposits~~ accounts as may be approved for county governments. In addition,
35 moneys may be deposited in the form of ~~certificates of such~~ deposit accounts as provided for a



1 local government or public authority in G.S. 159-30(b1). Investment deposits shall be secured
2 as provided in G.S. 159-31(b)."

3 **SECTION 3.** G.S. 147-69.1(c)(5) reads as rewritten:

4 "(5) Certificates of deposit and other ~~time deposits~~deposit accounts of financial
5 institutions under any of the following conditions:

6 a. With financial institutions with a physical presence in the State for
7 the purpose of receiving commercial or retail deposits; provided that
8 any principal amount of such deposit in excess of the amount insured
9 by the federal government or any agency thereof, be fully secured by
10 surety bonds, or be fully collateralized; provided further that the rate
11 of return or investment yield may not be less than that available in
12 the market on United States government or agency obligations of
13 comparable maturity.

14 b. With financial institutions with a physical presence inside or outside
15 the State, in accordance with all of the following conditions:

16 1. The funds are initially deposited through a bank or savings
17 and loan association in the State that is an official depository
18 and that is selected by the State Treasurer, provided that the
19 rate of return or investment yield shall not be less than that
20 available in the market on United States government or
21 agency obligations of comparable maturity.

22 2. The selected bank or savings and loan association arranges
23 for the ~~deposit~~redeposit of the funds in ~~certificates of deposit~~
24 ~~for the account~~accounts of the State in one or more federally
25 insured banks or savings and loan associations wherever
26 located, provided that no State funds shall be deposited in a
27 bank or savings and loan association that at the time holds
28 other ~~time deposits~~ from the State.

29 3. The full amount of principal and any accrued interest of each
30 ~~certificate of deposit~~ account are covered by federal deposit
31 insurance.

32 4. The selected bank or savings and loan association acts as
33 custodian for the State with respect to the ~~certificates of~~
34 ~~deposit issued for~~in the State's account.

35 5. ~~At the same time~~On the same date that the State funds are
36 ~~deposited and the certificates of deposit are~~
37 ~~issued,~~redeposited, the selected bank or savings and loan
38 association receives an amount of federally insured deposits
39 from customers of other ~~federally insured~~ financial
40 institutions wherever located equal to or greater than the
41 amount of the funds invested by the State through the selected
42 bank or savings and loan association pursuant to this
43 sub-subdivision."

44 **SECTION 4.** This act is effective when it becomes law.