

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

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**HOUSE BILL 1169**

Short Title: Investments of State and Local Funds. (Public)

Sponsors: Representatives Church, Brubaker, Grady (Primary Sponsors); and LaRoque.

Referred to: Financial Institutions.

April 11, 2005

A BILL TO BE ENTITLED  
AN ACT TO AUTHORIZE THE INVESTMENT OF STATE AND LOCAL FUNDS  
IN NORTH CAROLINA FINANCIAL INSTITUTIONS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 147-69.1(c)(5) reads as rewritten:

"(c) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated in subsection (b) of this section in excess of the amount required to meet the current needs and demands on such funds, selecting from among the following:

...

(5) Time deposits of financial ~~institutions with~~ institutions as follows:

a. With a physical presence in North Carolina for the purpose of receiving commercial or retail deposits; provided that any principal amount of such deposit in excess of the amount insured by the federal government or any agency thereof, be fully secured by surety bonds, or be fully collateralized; provided further that the rate of return or investment yield may not be less than that available in the market on United States government or agency obligations of comparable maturity.

b. In accordance with all of the following conditions:

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

2. The selected bank or savings and loan association arranges for the deposit of funds in certificates of deposit

1                   for the account of the State in one or more federally  
2                   insured banks or savings and loan associations wherever  
3                   located, provided that no funds shall be deposited in a  
4                   bank or savings and loan association that at the time  
5                   holds other deposits from the State.

6                   3.   The full amount of principal and any accrued interest of  
7                   each certificate of deposit are covered by federal deposit  
8                   insurance.

9                   4.   The selected bank or savings and loan association acts as  
10                  custodian for the State with respect to the certificates of  
11                  deposit issued for the State's account.

12                  5.   At the same time that the State funds are deposited and  
13                  the certificates of deposit are issued, the selected bank or  
14                  savings and loan association receives an amount of  
15                  deposits from customers of other federally insured  
16                  financial institutions wherever located equal to or greater  
17                  than the amount of the funds invested by the State  
18                  through the selected bank or savings and loan  
19                  association."

20                  **SECTION 2.** G.S. 159-30 is amended by adding the following new  
21 subsection to read:

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

25                  (1)   The funds are initially deposited through a bank or savings and loan  
26                  association that is an official depository and that is selected by the  
27                  finance officer.

28                  (2)   The selected bank or savings and loan association arranges for the  
29                  deposit of funds in certificates of deposit for the account of the local  
30                  government or public authority in one or more federally insured banks  
31                  or savings and loan associations wherever located, provided that no  
32                  funds shall be deposited in a bank or savings and loan association that  
33                  at the time holds other deposits from the local government or public  
34                  authority.

35                  (3)   The full amount of principal and any accrued interest of each  
36                  certificate of deposit are covered by federal deposit insurance.

37                  (4)   The selected bank or savings and loan association acts as custodian for  
38                  the local government or public authority with respect to the certificates  
39                  of deposit issued for the local government's or public authority's  
40                  account.

41                  (5)   At the same time that the local government or public authority funds  
42                  are deposited and the certificates of deposit are issued, the selected  
43                  bank or savings and loan association receives an amount of deposits  
44                  from customers of other federally insured financial institutions

1                    wherever located equal to or greater than the amount of the funds  
2                    invested by the local government or public authority through the  
3                    selected bank or savings and loan association."

4                    **SECTION 3.** G.S. 115D-58.6(b) reads as rewritten:

5                    "(b) Moneys may be deposited at interest in any bank, savings and loan  
6 association or trust company in this State in the form of certificates of deposit or such  
7 other forms of time deposits as may be approved for county governments. In addition,  
8 moneys may be deposited in the form of certificates of deposit as provided for a local  
9 government or public authority in G.S. 159-30(b1). Investment deposits shall be secured  
10 as provided in G.S. 159-31(b)."

11                    **SECTION 4.** This act becomes effective October 1, 2005.