

HB 871

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CHAMBER ACTION

1 The Economic Development, Trade & Banking Committee recommends
2 the following:

3
4 **Council/Committee Substitute**

5 Remove the entire bill and insert:

6 A bill to be entitled

7 An act relating to deposit of public funds; amending s.
8 17.57, F.S.; providing additional authorization for the
9 Chief Financial Officer to deposit state funds; amending
10 s. 218.415, F.S.; providing additional authorization for
11 units of local government to deposit surplus local
12 government funds; amending s. 280.03, F.S.; exempting
13 certain public deposits from the security for public
14 deposits requirements of chapter 280, F.S.; providing an
15 effective date.

16
17 Be It Enacted by the Legislature of the State of Florida:

18
19 Section 1. Subsection (7) is added to section 17.57,
20 Florida Statutes, to read:

21 17.57 Deposits and investments of state money.--

22 (7) In addition to the deposits authorized under this
23 section and notwithstanding any other provisions of law, funds

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24 | that are not needed to meet the disbursement needs of the state
 25 | may be deposited by the Chief Financial Officer in accordance
 26 | with the following conditions:

27 | (a) The funds are initially deposited in a qualified
 28 | public depository, as defined in s. 280.02, selected by the
 29 | Chief Financial Officer.

30 | (b) The selected depository arranges for the deposit of
 31 | the funds in certificates of deposit in one or more federally
 32 | insured banks or savings and loan associations, wherever
 33 | located, for the account of the state.

34 | (c) The full amount of principal and accrued interest of
 35 | each such certificate of deposit is insured by the Federal
 36 | Deposit Insurance Corporation.

37 | (d) The selected depository acts as custodian for the
 38 | state with respect to such certificates of deposit issued for
 39 | its account.

40 | (e) At the same time the state's funds are deposited and
 41 | the certificates of deposit are issued, the selected depository
 42 | receives an amount of deposits from customers of other federally
 43 | insured financial institutions, wherever located, equal to or
 44 | greater than the amount of the funds initially invested by the
 45 | Chief Financial Officer through the selected depository.

46 | Section 2. Subsection (23) is added to section 218.415,
 47 | Florida Statutes, to read:

48 | 218.415 Local government investment policies.--Investment
 49 | activity by a unit of local government must be consistent with a
 50 | written investment plan adopted by the governing body, or in the
 51 | absence of the existence of a governing body, the respective

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52 principal officer of the unit of local government and maintained
 53 by the unit of local government or, in the alternative, such
 54 activity must be conducted in accordance with subsection (17).
 55 Any such unit of local government shall have an investment
 56 policy for any public funds in excess of the amounts needed to
 57 meet current expenses as provided in subsections (1)-(16), or
 58 shall meet the alternative investment guidelines contained in
 59 subsection (17). Such policies shall be structured to place the
 60 highest priority on the safety of principal and liquidity of
 61 funds. The optimization of investment returns shall be secondary
 62 to the requirements for safety and liquidity. Each unit of local
 63 government shall adopt policies that are commensurate with the
 64 nature and size of the public funds within its custody.

65 (23) AUTHORIZED DEPOSITS.--In addition to the investments
 66 authorized for local governments in subsections (16) and (17)
 67 and notwithstanding any other provisions of law, a unit of local
 68 government may deposit any portion of surplus public funds in
 69 its control or possession in accordance with the following
 70 conditions:

71 (a) The funds are initially deposited in a qualified
 72 public depository, as defined in s. 280.02, selected by the unit
 73 of local government.

74 (b) The selected depository arranges for the deposit of
 75 the funds in certificates of deposit in one or more federally
 76 insured banks or savings and loan associations, wherever
 77 located, for the account of the unit of local government.

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78 (c) The full amount of principal and accrued interest of
 79 each such certificate of deposit is insured by the Federal
 80 Deposit Insurance Corporation.

81 (d) The selected depository acts as custodian for the unit
 82 of local government with respect to such certificates of deposit
 83 issued for its account.

84 (e) At the same time the unit of local government's funds
 85 are deposited and the certificates of deposit are issued, the
 86 selected depository receives an amount of deposits from
 87 customers of other federally insured financial institutions,
 88 wherever located, equal to or greater than the amount of the
 89 funds initially invested by the unit of local government through
 90 the selected depository.

91 Section 3. Subsection (3) of section 280.03, Florida
 92 Statutes, is amended to read:

93 280.03 Public deposits to be secured; prohibitions;
 94 exemptions.--

95 (3) The following are exempt from the requirements of, and
 96 protection under, this chapter:

97 (a) Public deposits deposited in a bank or savings
 98 association by a trust department or trust company which are
 99 fully secured under trust business laws.

100 (b) Moneys of the System Trust Fund, as defined in s.
 101 121.021(36).

102 (c) Public deposits held outside the country.

103 (d) Wire transfers and transfers of funds solely for the
 104 purpose of paying registrars and paying agents.

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105 | (e) Public deposits which are fully secured under federal
106 | regulations.

107 | (f) Public deposits made in accordance with s. 17.57(7) or
108 | s. 218.415(23).

109 | Section 4. This act shall take effect July 1, 2005.