

By Senator Smith

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1 A bill to be entitled
2 An act relating to surplus public funds; amending ss.
3 17.57 and 218.415, F.S.; requiring that the Chief
4 Financial Officer and local governments deposit
5 surplus funds in financial instruments insured by the
6 Federal Deposit Insurance Corporation rather than in
7 certificates of deposit; providing an effective date.

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9 Be It Enacted by the Legislature of the State of Florida:

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11 Section 1. Subsection (7) of section 17.57, Florida
12 Statutes, is amended to read:

13 17.57 Deposits and investments of state money.—

14 (7) In addition to the deposits authorized under this
15 section and notwithstanding any other provisions of law, funds
16 that are not needed to meet the disbursement needs of the state
17 may be deposited by the Chief Financial Officer in accordance
18 with the following conditions:

19 (a) The funds are initially deposited in a qualified public
20 depository, as defined in s. 280.02, selected by the Chief
21 Financial Officer.

22 (b) The selected depository arranges for depositing the
23 ~~deposit of~~ the funds in financial instruments insured by the
24 Federal Deposit Insurance Corporation ~~certificates of deposit~~ in
25 one or more federally insured banks or savings and loan
26 associations, wherever located, for the account of the state.

27 (c) The full amount of the principal and accrued interest
28 of each financial instrument ~~such certificate of deposit~~ is
29 insured by the Federal Deposit Insurance Corporation.

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30 (d) The selected depository acts as custodian for the state
31 with respect to each financial instrument ~~such certificates of~~
32 ~~deposit~~ issued for its account.

33 (e) At the same time the state's funds are deposited and
34 the financial instruments ~~certificates of deposit~~ are issued,
35 the selected depository receives an amount of deposits from
36 customers of other federally insured financial institutions,
37 wherever located, equal to or greater than the amount of the
38 funds initially invested by the Chief Financial Officer through
39 the selected depository.

40 Section 2. Subsection (23) of section 218.415, Florida
41 Statutes, is amended to read:

42 218.415 Local government investment policies.—Investment
43 activity by a unit of local government must be consistent with a
44 written investment plan adopted by the governing body, or in the
45 absence of the existence of a governing body, the respective
46 principal officer of the unit of local government and maintained
47 by the unit of local government or, in the alternative, such
48 activity must be conducted in accordance with subsection (17).
49 Any such unit of local government shall have an investment
50 policy for any public funds in excess of the amounts needed to
51 meet current expenses as provided in subsections (1)-(16), or
52 shall meet the alternative investment guidelines contained in
53 subsection (17). Such policies shall be structured to place the
54 highest priority on the safety of principal and liquidity of
55 funds. The optimization of investment returns shall be secondary
56 to the requirements for safety and liquidity. Each unit of local
57 government shall adopt policies that are commensurate with the
58 nature and size of the public funds within its custody.

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59 (23) AUTHORIZED DEPOSITS.—In addition to the investments
60 authorized for local governments in subsections (16) and (17)
61 and notwithstanding any other provisions of law, a unit of local
62 government may deposit any portion of surplus public funds in
63 its control or possession in accordance with the following
64 conditions:

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

68 (b) The selected depository arranges for depositing the
69 ~~deposit of~~ the funds in financial instruments insured by the
70 Federal Deposit Insurance Corporation ~~certificates of deposit~~ in
71 one or more federally insured banks or savings and loan
72 associations, wherever located, for the account of the unit of
73 local government.

74 (c) The full amount of the principal and accrued interest
75 of each financial instrument ~~such certificate of deposit~~ is
76 insured by the Federal Deposit Insurance Corporation.

77 (d) The selected depository acts as custodian for the unit
78 of local government with respect to each financial instrument
79 ~~such certificates of deposit~~ issued for its account.

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

87 Section 3. This act shall take effect July 1, 2009.