

By the Policy and Steering Committee on Ways and Means; the Committee on Governmental Oversight and Accountability; and Senator Smith

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1 A bill to be entitled
2 An act relating to financial instruments; amending s.
3 17.57, F.S.; increasing the maximum percentage of
4 funds under the control of the Chief Financial Officer
5 to be invested in certain securities; deleting a
6 provision relating to concurrent deposits by a unit of
7 local government and customers of other federally
8 insured financial institutions; requiring that the
9 Chief Financial Officer and local governments deposit
10 surplus funds in financial deposit instruments insured
11 by the Federal Deposit Insurance Corporation rather
12 than in certificates of deposit; providing for the
13 expiration of such increase and the reversion of
14 statutory text; creating s. 17.575, F.S.; creating the
15 Treasury Investment Committee within the Division of
16 Treasury; providing for membership on the committee;
17 requiring that the committee annually elect a chair
18 and vice chair from among its membership; providing
19 duties of the committee; requiring that the committee
20 submit an annual report on a specified date and
21 annually thereafter outlining its activities and
22 recommendations to the Chief Financial Officer and the
23 Joint Legislative Auditing Committee; amending s.
24 218.415, F.S.; requiring that the Chief Financial
25 Officer and local governments deposit surplus funds in
26 financial deposit instruments insured by the Federal
27 Deposit Insurance Corporation rather than in
28 certificates of deposit; deleting a provision relating
29 to concurrent deposits by a unit of local government

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30 and customers of other federally insured financial
31 institutions; amending s. 532.01, F.S.; including
32 payroll debit cards under requirements applicable to
33 payment instruments; providing an effective date.
34

35 Be It Enacted by the Legislature of the State of Florida:
36

37 Section 1. Paragraph (v) of subsection (2) and subsection
38 (7) of section 17.57, Florida Statutes, is amended to read:

39 17.57 Deposits and investments of state money.—

40 (2) The Chief Financial Officer shall make funds available
41 to meet the disbursement needs of the state. Funds which are not
42 needed for this purpose shall be placed in qualified public
43 depositories that will pay rates established by the Chief
44 Financial Officer at levels not less than the prevailing rate
45 for United States Treasury securities with a corresponding
46 maturity. In the event money is available for interest-bearing
47 time deposits or savings accounts as provided herein and
48 qualified public depositories are unwilling to accept such money
49 and pay thereon the rates established above, then such money
50 which qualified public depositories are unwilling to accept
51 shall be invested in:

52 (v) Securities not otherwise described in this subsection.
53 However, not more than 7 ~~3~~ percent of the funds under the
54 control of the Chief Financial Officer shall be invested in
55 securities described in this paragraph.
56

57 These investments may be in varying maturities and may be in
58 book-entry form. Investments made pursuant to this subsection

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59 may be under repurchase agreement or reverse repurchase
60 agreement. The Chief Financial Officer may hire registered
61 investment advisers and other consultants to assist in
62 investment management and to pay fees directly from investment
63 earnings. Investment securities, proprietary investment services
64 related to contracts, performance evaluation services,
65 investment-related equipment or software used directly to assist
66 investment trading or investment accounting operations including
67 bond calculators, telerates, Bloombergs, special program
68 calculators, intercom systems, and software used in accounting,
69 communications, and trading, and advisory and consulting
70 contracts made under this section are exempt from the provisions
71 of chapter 287.

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

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

80 (b) The selected depository arranges for depositing the
81 ~~deposit of~~ the funds in financial deposit instruments insured by
82 the Federal Deposit Insurance Corporation ~~certificates of~~
83 ~~deposit~~ in one or more federally insured banks or savings and
84 loan associations, wherever located, for the account of the
85 state.

86 (c) The full amount of the principal and accrued interest
87 of each financial deposit instrument ~~such certificate of deposit~~

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88 is insured by the Federal Deposit Insurance Corporation.

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

92 ~~(c) At the same time the state's funds are deposited and~~
93 ~~the certificates of deposit are issued, the selected depository~~
94 ~~receives an amount of deposits from customers of other federally~~
95 ~~insured financial institutions, wherever located, equal to or~~
96 ~~greater than the amount of the funds initially invested by the~~
97 ~~Chief Financial Officer through the selected depository.~~

98 Section 2. Effective July 1, 2010, the amendment of s.
99 17.57(2)(v), Florida Statutes, made by this act shall expire,
100 and the text of that paragraph shall revert to that in existence
101 on June 30, 2009, except that any amendments to such text
102 enacted other than by this act shall be preserved and continue
103 to operate to the extent that such amendments are not dependent
104 upon the portions of such text which expire pursuant to this
105 section.

106 Section 3. Section 17.575, Florida Statutes, is created to
107 read:

108 17.575 Administration of funds; Treasury Investment
109 Committee.—

110 (1) There is created a Treasury Investment Committee within
111 the Division of Treasury consisting of at least five members who
112 must possess special knowledge, experience, and familiarity in
113 finance, investments, or accounting. The members of the
114 committee shall be appointed by and serve at the pleasure of the
115 Chief Financial Officer. The committee shall annually elect a
116 chair and vice chair from among its membership.

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117 (2) The committee shall administer the Treasury Investment
118 Program consistent with policies approved by the Chief Financial
119 Officer for deposits and investments of public funds. The
120 committee shall also make recommendations regarding investment
121 policy to the Chief Financial Officer.

122 (3) The committee shall submit an annual report outlining
123 its activities and recommendations to the Chief Financial
124 Officer and the Joint Legislative Auditing Committee. The report
125 shall be submitted on August 15, 2009, and annually thereafter.

126 Section 4. Paragraphs (b), (c), (d), and (e) of subsection
127 (23) of section 218.415, Florida Statutes, are amended to read:

128 218.415 Local government investment policies.—Investment
129 activity by a unit of local government must be consistent with a
130 written investment plan adopted by the governing body, or in the
131 absence of the existence of a governing body, the respective
132 principal officer of the unit of local government and maintained
133 by the unit of local government or, in the alternative, such
134 activity must be conducted in accordance with subsection (17).
135 Any such unit of local government shall have an investment
136 policy for any public funds in excess of the amounts needed to
137 meet current expenses as provided in subsections (1)-(16), or
138 shall meet the alternative investment guidelines contained in
139 subsection (17). Such policies shall be structured to place the
140 highest priority on the safety of principal and liquidity of
141 funds. The optimization of investment returns shall be secondary
142 to the requirements for safety and liquidity. Each unit of local
143 government shall adopt policies that are commensurate with the
144 nature and size of the public funds within its custody.

145 (23) AUTHORIZED DEPOSITS.—In addition to the investments

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146 authorized for local governments in subsections (16) and (17)
147 and notwithstanding any other provisions of law, a unit of local
148 government may deposit any portion of surplus public funds in
149 its control or possession in accordance with the following
150 conditions:

151 (b) The selected depository arranges for depositing the
152 ~~deposit of~~ the funds in financial deposit instruments insured by
153 the Federal Deposit Insurance Corporation certificates of
154 ~~deposit~~ in one or more federally insured banks or savings and
155 loan associations, wherever located, for the account of the unit
156 of local government.

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

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

163 ~~(e) At the same time the unit of local government's funds~~
164 ~~are deposited and the certificates of deposit are issued, the~~
165 ~~selected depository receives an amount of deposits from~~
166 ~~customers of other federally insured financial institutions,~~
167 ~~wherever located, equal to or greater than the amount of the~~
168 ~~funds initially invested by the unit of local government through~~
169 ~~the selected depository.~~

170 Section 5. Section 532.01, Florida Statutes, is amended to
171 read:

172 532.01 Payment by check, draft, or other order for
173 payment.—Any order, check, draft, note, memorandum, payroll
174 debit card, or other acknowledgment of indebtedness issued in

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175 payment of wages or salary due or to become due must be
176 negotiable and payable in cash, on demand, without discount, at
177 some established place of business in the state, the name and
178 address of which must appear on the instrument or in the payroll
179 debit card issuing materials, and at the time of its issuance,
180 and for a reasonable time thereafter, which must be at least 30
181 days, the maker or drawer must have sufficient funds or credit,
182 arrangement, or understanding with the drawee for its payment.

183 Section 6. This act shall take effect July 1, 2009.