

By: Representative Guice

To: Ways and Means

HOUSE BILL NO. 1273

1 AN ACT TO CREATE NEW SECTIONS 19-9-30, 21-33-324, AND
2 37-59-44, MISSISSIPPI CODE OF 1972, AND TO AMEND SECTION 31-19-5,
3 MISSISSIPPI CODE OF 1972, TO PROVIDE ADDITIONAL AUTHORITY TO
4 BOARDS OF SUPERVISORS, GOVERNING AUTHORITIES OF MUNICIPALITIES AND
5 BOARDS OF TRUSTEES OF SCHOOL DISTRICTS FOR THE INVESTMENT OF
6 COUNTY, MUNICIPAL AND SCHOOL DISTRICT SURPLUS FUNDS AND FUNDS
7 RECEIVED FROM THE SALE OF BONDS, NOTES OR CERTIFICATES OF
8 INDEBTEDNESS THAT ARE NOT NEEDED FOR DISBURSEMENT FOR THE PURPOSES
9 FOR WHICH ISSUED; AND FOR RELATED PURPOSES.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

11 **SECTION 1.** The following shall be codified as Section
12 19-9-30, Mississippi Code of 1972:

13 19-9-30. (1) Notwithstanding the provisions of Sections
14 19-9-29, 27-105-5 and 25-1-69, or the provisions of any other law,
15 and in addition to other statutory authorization for the
16 investment of county surplus funds, the board of supervisors of a
17 county may invest surplus county funds in accordance with the
18 following conditions:

19 (a) The board of supervisors invests the funds through
20 a financial institution that is doing business in the county or an
21 adjoining county and that is selected by the board;

22 (b) The selected financial institution arranges for the
23 investment of the funds in book entry certificates of deposit in
24 one or more banks or savings and loan associations wherever
25 located in the United States, for the account of the county;

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

29 (d) The selected financial institution acts as
30 custodian for the county with respect to the certificates of
31 deposit issued for the county's account; and

32 (e) At the same time that such certificates of deposit
33 are issued, the selected financial institution receives an amount
34 of deposits from customers of other financial institutions located
35 in the United States equal to or greater than the amount of the
36 funds invested by the board of supervisors through the selected
37 financial institution.

38 (2) The requirements prescribed in Section 27-105-5 and in
39 any other statutory provision applicable to the deposit or
40 investment of public funds in financial institutions shall not be
41 deemed to apply to investments made in accordance with the
42 conditions in this section.

43 **SECTION 2.** The following shall be codified as Section
44 21-33-324, Mississippi Code of 1972:

45 21-33-324. (1) Notwithstanding the provisions of Sections
46 21-33-323, 27-105-5 and 25-1-69, or the provisions of any other
47 law, and in addition to other statutory authorization for the
48 investment of municipal surplus funds, the governing authorities
49 of a municipality may invest surplus municipal funds in accordance
50 with the following conditions:

51 (a) The governing authorities invest the funds through
52 a financial institution that is doing business in the county in
53 which the municipality is located and that is selected by the
54 governing authorities;

55 (b) The selected financial institution arranges for the
56 investment of the funds in book entry certificates of deposit in
57 one or more banks or savings and loan associations wherever
58 located in the United States, for the account of the municipality;

59 (c) The full amount of the principal and accrued
60 interest of each such certificate of deposit is insured by the
61 Federal Deposit Insurance Corporation;

62 (d) The selected financial institution acts as
63 custodian for the municipality with respect to the certificates of
64 deposit issued for the municipality's account; and

65 (e) At the same time that such certificates of deposit
66 are issued, the selected financial institution receives an amount
67 of deposits from customers of other financial institutions located
68 in the United States equal to or greater than the amount of the
69 funds invested by the governing authorities through the selected
70 financial institution.

71 (2) The requirements prescribed in Section 27-105-5 and in
72 any other statutory provision applicable to the deposit or
73 investment of public funds in financial institutions shall not be
74 deemed to apply to investments made in accordance with the
75 conditions in this section.

76 **SECTION 3.** The following shall be codified as Section
77 37-59-44, Mississippi Code of 1972:

78 21-33-324. (1) Notwithstanding the provisions of Sections
79 27-105-5 and 25-1-69, or the provisions of any other law, and in
80 addition to the authorization for the investment of school
81 district surplus funds pursuant to Section 37-59-43, the school
82 board may invest excess municipal funds in accordance with the
83 following conditions:

84 (a) The school board invests the funds through a
85 financial institution that is doing business in the state and that
86 is selected by the school board;

87 (b) The selected financial institution arranges for the
88 investment of the funds in book entry certificates of deposit in
89 one or more banks or savings and loan associations wherever
90 located in the United States, for the account of the school board;

91 (c) The full amount of the principal and accrued
92 interest of each such certificate of deposit is insured by the
93 Federal Deposit Insurance Corporation;

94 (d) The selected financial institution acts as
95 custodian for the school board with respect to the certificates of
96 deposit issued for the school board's account; and

97 (e) At the same time that such certificates of deposit
98 are issued, the selected financial institution receives an amount
99 of deposits from customers of other financial institutions located
100 in the United States equal to or greater than the amount of the
101 funds invested by the school board through the selected financial
102 institution.

103 (2) The requirements prescribed in Section 27-105-5 and in
104 any other statutory provision applicable to the deposit or
105 investment of public funds in financial institutions shall not be
106 deemed to apply to investments made in accordance with the
107 conditions in the section.

108 **SECTION 4.** Section 31-19-5, Mississippi Code of 1972, is
109 amended as follows:

110 31-19-5. (1) Any funds received from the sale of bonds,
111 notes, or certificates of indebtedness heretofore or hereafter
112 sold by the State of Mississippi or any agency or department
113 thereof or by any county, municipality, road district, levee
114 district, development district, utility district, school district,
115 drainage district or other entity authorized by law to issue
116 bonds, notes, or certificates of indebtedness, which are not
117 immediately required for disbursement for the purpose for which
118 issued, may be invested by the proper authorities in any direct
119 obligation issued by or guaranteed in full as to principal and
120 interest by the United States of America or in certificates of
121 deposit issued by a qualified depository of the State of
122 Mississippi as approved by the State Treasurer, maturing or being
123 redeemable by the holder on or prior to the date upon which such
124 funds will be required for disbursement and bearing interest at a
125 rate per annum not less than a simple interest rate numerically
126 equal to the average bank discount rate on United States Treasury

127 bills of comparable maturity or the current rate of interest paid
128 on certificates of deposit or on United States Treasury
129 obligations of comparable maturities, whichever is the higher,
130 provided, however, that the proceeds from the sale of bonds issued
131 pursuant to Sections 57-1-131 through 57-1-145, * * * or Chapter 3
132 of Title 57, Mississippi Code of 1972, may be invested in
133 certificates of deposit issued by qualified depositories of the
134 State of Mississippi bearing interest at any rate per annum which
135 may be mutually agreed upon, but in no case shall said rate be
136 less than such average bank discount rate.

137 (2) Funds received pursuant to subsection (1) of this
138 section shall be invested as heretofore described or may be
139 invested, pursuant to rules promulgated by the State Treasurer, in
140 obligations described in Section 27-105-33(d); * * * however,
141 funds described in subsection (1) of this section may not be
142 invested in securities of, or interests in, any open-end or
143 closed-end management type investment company or investment trust,
144 such as those described in Section 27-105-33(e).

145 (3) In addition to the authority for the investment of funds
146 authorized in subsections (1) and (2) of this section, any funds
147 received from the sale of bonds, notes, or certificates of
148 indebtedness heretofore or hereafter sold by any county,
149 municipality, or school district, which are not immediately
150 required for disbursement for the purposes for which issued, may
151 also be invested in accordance with the following conditions,
152 notwithstanding Sections 27-105-5, 25-1-69, or other provisions of
153 law:

154 (a) The proper authorities invest the funds through a
155 financial institution that is doing business in the state and that
156 is selected by the proper authorities;

157 (b) The selected financial institution arranges for the
158 investment of the funds in book entry certificates of deposit in
159 one or more banks or savings and loan associations wherever

160 located in the United States, for the account of the county,
161 municipality, or school district;

162 (c) The full amount of the principal and accrued
163 interest of each such certificate of deposit is insured by the
164 Federal Deposit Insurance Corporation;

165 (d) The selected financial institution acts as
166 custodian for the county, municipality, or school district with
167 respect to the certificates of deposit issued for the county's,
168 municipality's, or school district's account; and

169 (e) At the same time that such certificates of deposit
170 are issued, the selected financial institution receives an amount
171 of deposits from customers of other financial institutions located
172 in the United States equal to or greater than the amount of the
173 funds invested by the proper authorities through the selected
174 financial institution.

175 (4) The requirements prescribed in Section 27-105-5 and in
176 any other statutory provision applicable to the deposit or
177 investment of public funds in financial institutions shall not be
178 deemed to apply to investments made in accordance with the
179 conditions in subsection (3) of this section.

180 **SECTION 5.** This act shall take effect and be in force from
181 and after July 1, 2007.