

By: Senator(s) Horhn

To: Business and Financial  
Institutions

SENATE BILL NO. 2650

1 AN ACT TO AMEND SECTIONS 27-105-5, 27-105-303, 27-105-305,  
2 27-105-315 AND 27-105-353, MISSISSIPPI CODE OF 1972, TO ALLOW  
3 UNITED STATES TREASURY-CERTIFIED COMMUNITY DEVELOPMENT FINANCIAL  
4 INSTITUTIONS FUND CREDIT UNIONS WHOSE ACCOUNTS ARE INSURED BY THE  
5 NATIONAL CREDIT UNION ADMINISTRATION TO QUALIFY AS PUBLIC FUNDS  
6 DEPOSITORIES AND ACCEPT PUBLIC FUNDS FROM COUNTIES, MUNICIPALITIES  
7 AND OTHER LOCAL GOVERNMENTAL UNITS; AND FOR RELATED PURPOSES.

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

9 **SECTION 1.** Section 27-105-5, Mississippi Code of 1972, is  
10 amended as follows:

11 27-105-5. (1) Any financial institution maintaining a  
12 deposit-taking facility in this state whose accounts are insured  
13 by the Federal Deposit Insurance Corporation or any successors to  
14 that insurance corporation, and any United States  
15 Treasury-certified Community Development Financial Institutions  
16 Fund Credit Union whose accounts are insured by the National  
17 Credit Union Administration or any successors to that insurance  
18 administration, may qualify as a public funds depository by  
19 submitting an application to the State Treasurer as provided by  
20 Section 27-105-9, if the institution has a primary capital to



21 total assets ratio of five and one-half percent (5-1/2%) or more.  
22 That ratio shall be determined not later than December 1 in each  
23 calendar year by the State Treasurer on the basis of balance  
24 sheets of applying institutions at June 30 of the same calendar  
25 year, and an institution shall not be a qualified depository and  
26 shall not receive any public funds unless its ratio has been  
27 certified annually by the Treasurer as meeting the prescribed  
28 requirement. Each applicant shall furnish to the State Treasurer  
29 such financial statements, balance sheets or other documentation,  
30 sworn to by a duly elected officer, on such date or dates and on  
31 such forms as the State Treasurer may require. Any knowing or  
32 willful misstatement of fact on those forms shall subject the  
33 officer swearing to them to the penalty of perjury, and the  
34 financial institution of which he is an officer shall not be  
35 eligible to serve as a depository for a period of one (1) year  
36 beginning with the date on which the State Treasurer certifies  
37 that such a misstatement has been made. When so approved by the  
38 State Treasurer, the institution shall place on deposit with the  
39 State Treasurer qualified bonds, notes and liquid securities in an  
40 aggregate amount at least equal to one hundred five percent (105%)  
41 of the average daily balance of funds on deposit in the aggregate  
42 by the State of Mississippi or any agency or department of the  
43 state or by any county, municipality or other governmental unit in  
44 excess of that portion of accounts insured by the Federal Deposit



45 Insurance Corporation or the National Credit Union Administration,  
46 as the case may be, or any successor thereto.

47 (2) Any financial institution maintaining a deposit-taking  
48 facility in this state whose accounts are insured by the Federal  
49 Deposit Insurance Corporation or any successors to that insurance  
50 corporation and which has been in existence for three (3) or more  
51 years may qualify as a public funds depository and public funds  
52 guaranty pool member under Section 27-105-6 by submitting an  
53 application to the State Treasurer as provided by Section  
54 27-105-9, if the institution has a primary capital to total assets  
55 ratio of six and one-half percent (6-1/2%) or more and otherwise  
56 meets the requirements of Section 27-105-6. That ratio shall be  
57 determined not later than December 1 in each calendar year by the  
58 State Treasurer on the basis of balance sheets of applying  
59 institutions at June 30 of the same calendar year, and an  
60 institution shall not be a member of the public funds guaranty  
61 pool unless its ratio has been certified annually by the Treasurer  
62 as meeting the prescribed requirement. Each applicant shall  
63 furnish to the State Treasurer such financial statements, balance  
64 sheets or other documentation, sworn to by a duly elected officer,  
65 on such date or dates and on such forms as the State Treasurer may  
66 require. Any knowing or willful misstatement of fact on those  
67 forms shall subject the officer swearing to them to the penalty of  
68 perjury and the financial institution of which he is an officer  
69 shall not be eligible to serve as a depository for a period of one



70 (1) year beginning with the date on which the State Treasurer  
71 certifies that such a misstatement has been made. When so  
72 approved by the State Treasurer, the institution shall meet its  
73 security requirement of one hundred five percent (105%) by placing  
74 on deposit with the State Treasurer qualified bonds, notes and  
75 liquid securities in an aggregate amount at least equal to  
76 fifty-two and one-half percent (52-1/2%) of the average daily  
77 balance of funds on deposit in the aggregate by the State of  
78 Mississippi or any agency or department of the state or by any  
79 county, municipality or other governmental unit in excess of that  
80 portion of accounts insured by the Federal Deposit Insurance  
81 Corporation, or any successor thereto, and executing a guarantee  
82 equal to the balance of fifty-two and one-half percent (52-1/2%)  
83 of the average daily balance of funds on deposit in the aggregate  
84 by the State of Mississippi or any agency or department of the  
85 state or by any county, municipality or other governmental unit in  
86 excess of that portion of accounts insured by the Federal Deposit  
87 Insurance Corporation, or any successor thereto.

88 (3) The term "qualified bonds, notes and liquid securities"  
89 as used in this section shall mean:

90 (a) All securities that are direct obligations of the  
91 United States Treasury or any other obligations fully guaranteed  
92 by the United States government.

93 (b) Bonds, notes and other obligations of the Federal  
94 Home Loan Bank, Federal National Mortgage Association, Federal



95 Land Banks, Banks for Cooperatives, and Federal Intermediate  
96 Credit Banks, the Government National Mortgage Association, the  
97 Federal Housing Administration, the Farmers Home Administration,  
98 the Farm Credit System Financial Assistance Corporation, the  
99 United States Postal Service, the Federal Financing Bank, the  
100 Student Loan Marketing Association, the Small Business  
101 Administration, the General Services Administration, the  
102 Washington Metropolitan Area Transit Authority, the Maritime  
103 Administration, the Export-Import Bank, the International Bank for  
104 Reconstruction and Development, the Inter-American Development  
105 Bank, the Asian Development Bank, loan participations that carry  
106 the guarantee of the Commodity Credit Corporation, an  
107 instrumentality of the United States Department of Agriculture or  
108 other similar agencies approved by the State Treasurer.

109 (c) Obligations of the Tennessee Valley Authority.

110 (d) Legal obligation or revenue bonds of the State of  
111 Mississippi, its agencies, or any political subdivision of the  
112 state, or any municipality located in the State of Mississippi, or  
113 the Yazoo Mississippi Delta and the Mississippi Levee Districts,  
114 or the Mississippi Higher Education Assistance Corporation or its  
115 successors, or any body corporate and politic created under the  
116 laws of the State of Mississippi.

117 (e) General obligations issued by any other state or by  
118 a county, parish or municipality of any other state, the full  
119 faith and credit of which are pledged to the payment of principal



120 and interest, that are rated "A" or better by any recognized  
121 national rating agency engaged in the business of rating bonds.

122 (f) Surety bonds of any surety company authorized to do  
123 business in the State of Mississippi.

124 (g) All bonds authorized as security for state funds  
125 under paragraphs (c), (d) and (e), inclusive, shall be investment  
126 quality, and any bonds under paragraphs (c), (e) and (f),  
127 inclusive, which are rated substandard by any of the appropriate  
128 supervisory authorities having jurisdiction over the depository or  
129 by any recognized national rating agency engaged in the business  
130 of rating bonds, shall not be eligible for pledging as security to  
131 the State of Mississippi by any qualified state depository. As  
132 used in this paragraph, the term "investment quality" shall mean  
133 that, at worst, the obligor of the bonds has adequate capacity to  
134 meet its financial commitments even if adverse economic conditions  
135 or changing circumstances are likely to lead to weakened capacity  
136 to do so.

137 No bonds shall be accepted as security for more than their  
138 stated par value or market value, whichever is lower, except bonds  
139 and obligations of the State of Mississippi and Mississippi State  
140 Highway bonds or notes, which may be accepted as security at par  
141 value or market value, whichever is greater.

142 The bonds, notes and liquid securities to be placed on  
143 deposit shall secure both deposits and the accrued interest  
144 thereon.



145 Money shall be drawn from the depositories so as to leave in  
146 each as near as practicable, its equitable proportion of state  
147 funds.

148 The State Treasurer is authorized and empowered to:

149 (i) Deposit for safekeeping in the vaults of any  
150 of the state or national banks located within this state that are  
151 members of the Federal Deposit Insurance Corporation and that have  
152 appropriate safekeeping facilities approved by the State  
153 Depository Commission, any federal reserve bank, any federal  
154 reserve branch bank, or any bank that is a member of the Federal  
155 Reserve System and is located in a city where there is a federal  
156 reserve bank or a federal reserve branch bank, the securities  
157 placed with him by financial institutions qualifying as state  
158 depositories; or

159 (ii) Accept, in lieu of the securities themselves,  
160 safekeeping trust receipts issued to the State Treasurer by the  
161 authorized safekeeping banks listed in subparagraph (i) above; the  
162 safekeeping trust receipts shall describe the securities and show  
163 that the securities are held for safekeeping for the account of  
164 the State Treasurer or other governmental unit. The securities so  
165 deposited shall not be commingled in any manner with the assets of  
166 the safekeeping bank.

167 The safekeeping banks listed in subparagraph (i) above are  
168 authorized to issue to the State Treasurer their safekeeping trust  
169 receipts based on safekeeping trust receipts issued to them by any



170 of their correspondent banks that are members of the Federal  
171 Reserve System and are located in any federal reserve city and  
172 that have physical custody of the pledged securities.

173 In no event shall the State Treasurer deposit for safekeeping  
174 with any depository securities placed by the depository with the  
175 State Treasurer in qualifying as a public funds depository, nor  
176 shall he accept a safekeeping trust receipt by or from a  
177 depository covering securities it owns in order to secure state  
178 funds on deposit with it.

179 (4) In fulfilling the requirements of this Section 27-105-5,  
180 the State Treasurer shall:

181 (a) Maintain perpetual inventory of pledged collateral  
182 and perform monthly market valuations and quality ratings.

183 (b) Monitor and confirm, as often as deemed necessary  
184 by the Treasurer, the pledged collateral held by third party  
185 custodians.

186 (c) Perfect an interest in pledged collateral by having  
187 pledged securities moved into an account established in the  
188 Treasurer's name. This action shall be taken at the discretion of  
189 the Treasurer.

190 (d) Review the reports of each qualified public funds  
191 depository for material changes in capital accounts or changes in  
192 name, address or type of institution, record the average daily  
193 balances of public deposits held; and monitor the





194 collateral-pledging levels and required collateral based on the  
195 average daily balances.

196 (e) Compare public deposit information reported by  
197 qualified public funds depositories and public depositors. That  
198 comparison shall be conducted for qualified public depositories  
199 based on established financial condition criteria of record on  
200 September 30.

201 (f) Verify the reports of any qualified public funds  
202 depository relating to public deposits it holds when necessary to  
203 protect the integrity of the public deposits program.

204 (g) Confirm public deposits, to the extent possible  
205 under current law, when needed.

206 (h) Require at his or her discretion the filing of any  
207 information or forms required under this chapter to be by  
208 electronic data transmission. Those filings of information or  
209 forms shall have the same enforceability as a signed writing.

210 (5) A qualified public funds depository shall:

211 (a) Within fifteen (15) days after the end of each  
212 calendar month or when requested by the Treasurer, submit to the  
213 Treasurer a written report, under oath, indicating the average  
214 daily balance of all public deposits held by it during the  
215 reported month, required collateral, a detailed schedule of all  
216 securities pledged as collateral, selected financial information,  
217 and any other information that the Treasurer determines necessary  
218 to administer this chapter.



219 (b) Provide to each public depositor annually, not  
220 later than thirty (30) days following the public depositor's  
221 fiscal year end, the following information on all open accounts  
222 identified as a "public deposit" for that public depositor as of  
223 its fiscal year end, to be used for confirmation purposes: the  
224 Federal Employer Identification Number of the public funds  
225 depository, the name on the deposit account record, the Federal  
226 Employer Identification Number on the deposit account record, and  
227 the account number, account type and actual account balance on  
228 deposit. Any discrepancy found in the confirmation process shall  
229 be reconciled within sixty (60) days of the public depositor's  
230 fiscal year end.

231 (c) Submit to the Treasurer annually, not later than  
232 sixty (60) days of the public depositor's fiscal year end, a  
233 report of all public deposits held for the credit of all public  
234 depositors at the close of business on each public depositor's  
235 fiscal year end. The annual report shall consist of public  
236 deposit information in a report format prescribed by the  
237 Treasurer. The manner of required filing may be as a signed  
238 writing or electronic data transmission, at the discretion of the  
239 Treasurer.

240 (6) Public depositors shall comply with the following  
241 requirements:

242 (a) A public depositor shall ensure that the name of  
243 the public depositor and its tax identification number are on the



244 account or certificate provided to the public depositor by the  
245 qualified public depository in a manner sufficient to disclose the  
246 identity of the public depositor;

247 (b) Not later than thirty (30) days following its  
248 fiscal year end, a public depositor shall notify the State  
249 Treasurer of its official name, address, Federal Tax  
250 Identification Number, and provide a listing of all accounts that  
251 it had with qualified public depositories, including the deposit  
252 balance in those accounts, as of its fiscal year end. A public  
253 entity established during the year shall furnish its official  
254 name, address and Federal Tax Identification Number to the State  
255 Treasurer before making any public deposit.

256 (7) Any information contained in a report of a qualified  
257 public funds depository required under Section 27-105-5 or  
258 27-105-6 shall be considered confidential and exempt from  
259 disclosure and not subject to dissemination to anyone other than  
260 the State Treasurer and the State Auditor under the provisions of  
261 this chapter.

262 (8) The State Treasurer is empowered to assume  
263 responsibility as successor pledgee as agent on behalf of any  
264 county, municipality or other governmental unit of any and all  
265 collateral pledged before July 1, 2001, to that county,  
266 municipality or governmental unit by that public funds depository.  
267 Upon assuming responsibility as successor pledgee as provided in  
268 this subsection (8), the State Treasurer is empowered to sign such



269 documents on behalf of any such county, municipality or  
270 governmental unit as may be required by a trustee custodian,  
271 including, but not limited to, any documentation necessary to  
272 change the pledgee from the county, municipality or governmental  
273 unit as pledgee to the State Treasurer as agent.

274 (9) As used in this section and Section 27-105-6, the  
275 following terms shall have the meanings set forth below:

276 (a) The term "primary capital" means the sum of common  
277 stockholders' equity capital, including common stock and related  
278 surplus, undivided profits, disclosed capital reserves that  
279 represent a segregation of undivided profits, and foreign currency  
280 translation adjustments, less net unrealized holding losses on  
281 profits, and foreign currency translation adjustments, less net  
282 unrealized holding losses on available-for-sale equity securities  
283 with readily determinable fair values; noncumulative perpetual  
284 preferred stock, including any related surplus; and minority  
285 interests in the equity capital accounts of consolidated  
286 subsidiaries; the allowance for loan and lease losses; cumulative  
287 perpetual preferred stock, long-term preferred stock (original  
288 maturity of at least twenty (20) years) and any related surplus;  
289 perpetual preferred stock (and any related surplus) where the  
290 dividend is reset periodically based, in whole or in part, on the  
291 bank's current credit standing, regardless of whether the  
292 dividends are cumulative or noncumulative; hybrid capital  
293 instruments, including mandatory convertible debt securities; term



294 subordinated debt and intermediate-term preferred stock (original  
295 average maturity of five (5) years or more) and any related  
296 surplus; and net unrealized holding gains on equity securities.

297 (b) The term "assets classified loss" means:

298 (i) When measured as of the date of examination of  
299 the financial institution, those assets that have been determined  
300 by an evaluation made by a state or federal examiner as of that  
301 date to be a loss; and

302 (ii) When measured as of any other date, those  
303 assets:

304 (A) That have been determined: 1. by an  
305 evaluation made by a state or federal examiner at the most recent  
306 examination of the financial institution to be a loss, or 2. by  
307 evaluations made by the financial institution since its most  
308 recent examination to be a loss; and

309 (B) That have not been charged off from the  
310 financial institution's books or collected.

311 (c) The term "intangible assets" means those assets  
312 that would be required to be reported in the item for intangible  
313 assets in a Federal Deposit Insurance Corporation (FDIC) banking  
314 institution's "Reports of Condition and Income" (Call Reports),  
315 regardless of whether the institution is insured by the FDIC.

316 (d) The term "mandatory convertible debt" means a  
317 subordinated debt instrument meeting the requirements of the  
318 Federal Deposit Insurance Corporation that requires the issuer to



319 convert the instrument into common or perpetual preferred stock by  
320 a date at or before the maturity of the debt instrument. The  
321 maturity of these instruments must be twelve (12) years or less.

322 (e) The term "mortgage servicing rights" means those  
323 assets (net of any related valuation allowances) that result from  
324 contracts to service loans secured by real estate (that have been  
325 securitized or are owned by others) for which the benefits of  
326 servicing are expected to more than adequately compensate the  
327 servicer for performing the servicing.

328 (f) The term "perpetual preferred stock" means a  
329 preferred stock that does not have a stated maturity date or that  
330 cannot be redeemed at the option of the holder and that has no  
331 other provisions that will require future redemption of the issue.  
332 It includes those issues of preferred stock that automatically  
333 convert into common stock at a stated date. It excludes those  
334 issues, the rate on which increases, or can increase, in such a  
335 manner that would effectively require the issuer to redeem the  
336 issue.

337 (g) The term "total assets" means the average of total  
338 assets of any financial institution that are or would be included  
339 in a Federal Deposit Insurance Corporation (FDIC) banking  
340 institution's "Reports of Condition and Income" (Call Reports),  
341 regardless of whether the institution is insured by the FDIC, plus  
342 the allowance for loan and lease losses, minus assets classified



343 loss and minus intangible assets other than mortgage servicing  
344 rights.

345 (h) The term "average daily balance" means the average  
346 daily balance of public deposits of each governmental unit held  
347 during the reported month. The average daily balances must be  
348 determined by totaling, by account, the daily balance held by the  
349 depositor and then dividing the total by the number of calendar  
350 days in the month. Deposit insurance is then deducted from each  
351 public depositor's balance and the resulting amounts are totaled  
352 to obtain the average daily balance.

353 (i) The term "public funds" means funds in which the  
354 entire beneficial interest is owned by a governmental unit or  
355 funds held in the name of a public official of a governmental unit  
356 charged with the duty to receive or administer funds and acting in  
357 such official capacity.

358 (j) The term "governmental unit" means the State of  
359 Mississippi, and any office, department, agency, division, bureau,  
360 commission, board, institution, hospital, college, university,  
361 airport authority or other instrumentality thereof, whether or not  
362 such body or instrumentality has the authority to levy taxes or to  
363 sue or be sued in its own name. Further, it shall mean any body  
364 politic or body corporate other than the state responsible for  
365 governmental activities only in geographic areas smaller than that  
366 of the state, including, but not limited to, any county,  
367 municipality, school district, community hospital as defined in



368 Section 41-13-10, airport authority or other instrumentality  
369 thereof, whether or not such body or instrumentality has the  
370 authority to levy taxes or to sue or be sued in its own name. It  
371 is the intent to include all state and political subdivisions or  
372 instrumentalities thereof whether specifically recited herein or  
373 not.

374 **SECTION 2.** Section 27-105-303, Mississippi Code of 1972, is  
375 amended as follows:

376 27-105-303. The amount of money belonging to the several  
377 funds in the county treasury of each county in the state which is  
378 required to meet the current needs and demands of no more than  
379 seven (7) business days shall be kept on deposit in or through  
380 qualified financial institutions whose accounts are insured by the  
381 Federal Deposit Insurance Corporation or the Federal Savings and  
382 Loan Insurance Corporation, or in or through United States  
383 Treasury-certified Community Development Financial Institutions  
384 Fund Credit Union whose accounts are insured by the National  
385 Credit Union Administration, or in or through some of them doing  
386 business in the several counties, provided that where there is no  
387 such financial institution in a county qualifying as a depository,  
388 some such financial institution in an adjoining county may qualify  
389 as a depository. All such deposits shall be subject to payment  
390 when demanded on warrant issued by the clerk of the board of  
391 supervisors on the order of the \* \* \* board or on the allowance of  
392 a court authorized to allow the same. Each financial institution





393 qualifying as such county depository shall not be required to pay  
394 interest to the county for the privilege of holding the deposits  
395 unless federal law permits the payment of interest on such  
396 deposits, in which case the maximum permitted interest rate shall  
397 be paid on such deposits. Where more than one (1) financial  
398 institution in a county offers to qualify as a depository, the  
399 board of supervisors may allocate such money to each qualified  
400 financial institution as nearly as practicable in proportion to  
401 their respective net worth, and may adopt the rules for receiving  
402 such deposits.

403 **SECTION 3.** Section 27-105-305, Mississippi Code of 1972, is  
404 amended as follows:

405 27-105-305. The board of supervisors at the regular December  
406 1997 meeting, and annually thereafter or, in the discretion of the  
407 board of supervisors, thereafter at such other interval of time as  
408 determined by the board of supervisors, but no less frequently  
409 than every four (4) years, shall give notice to all financial  
410 institutions in its county whose accounts are insured by the  
411 Federal Deposit Insurance Corporation (or any successor thereto),  
412 and to all United States Treasury-certified Community Development  
413 Financial Institutions Fund Credit Union in its county whose  
414 accounts are insured by the National Credit Union Administration  
415 (or any successor thereto), by publication, that bids will be  
416 received from financial institutions at the following January  
417 meeting, or some subsequent meeting, for the privilege of keeping



418 the county funds, or any part thereof, which notice shall refer by  
419 name to this article and it shall not be necessary to incorporate  
420 in the notice the provisions of this article; and at the January  
421 meeting, or a subsequent meeting as may be designated in the  
422 notice, as the case may be, the board of supervisors shall receive  
423 such bids or proposals as the financial institutions may make for  
424 the privilege of keeping the county funds, or any part thereof.  
425 The bids or proposals shall designate the kind of security as  
426 authorized by law which the financial institutions propose to give  
427 as security for funds, and the board shall cause the county funds  
428 and all other funds in the hands of the county treasurer to be  
429 deposited in the qualified financial institution or qualified  
430 institutions proposing the best terms, taking into consideration  
431 all material aspects of the proposal, including, but not limited  
432 to, net earnings, account costs, costs of transfer of accounts  
433 from existing depositories, banking services provided and other  
434 service considerations, and meeting the requirements provided in  
435 Section 27-105-315, having in view the safety of such funds.  
436 However, if a bank submits a bid or offer to the board of  
437 supervisors to act as a depository for the county and the bid or  
438 offer, if accepted, would result in a contract in which a member  
439 of the board of supervisors would have a direct or indirect  
440 interest, the board of supervisors may elect to not open or  
441 consider any bids received and submit the matter to the State  
442 Treasurer. Upon receipt of the bids received from the board of



443 supervisors, the State Treasurer shall open and consider the bids  
444 received, select a depository or depositories, make all decisions  
445 and take any action within the authority of the board of  
446 supervisors under this section relating to the selection of a  
447 depository or depositories, including:

- 448 (a) The selecting and opening of accounts;
- 449 (b) Approval of securities;
- 450 (c) The transfer and deposit of funds between  
451 depositories; and
- 452 (d) All other related functions.

453 If the board of supervisors elects to open and consider the  
454 bids or offers, it shall not open or consider any bid which, if  
455 accepted, would result in a contract in which a member of the  
456 board of supervisors would have a direct or indirect interest.

457 **SECTION 4.** Section 27-105-315, Mississippi Code of 1972, is  
458 amended as follows:

459 27-105-315. (1) Any financial institution in a county, or  
460 in an adjoining county where there is no financial institution in  
461 the county qualifying, whose accounts are insured by the Federal  
462 Deposit Insurance Corporation or any successors to that insurance  
463 corporation, and any United States Treasury-certified Community  
464 Development Financial Institutions Fund Credit Union in a county,  
465 or in an adjoining county where there is no such credit union in  
466 the county qualifying, whose accounts are insured by the National  
467 Credit Union Administration or any successors to that insurance



468 administration, may qualify as a county depository, if the  
469 institution qualifies as a public funds depository under Section  
470 27-105-5 or a public funds guaranty pool member under Sections  
471 27-105-5 and 27-105-6. The qualified financial institution shall  
472 secure those deposits by placing qualified securities on deposit  
473 with the State Treasurer as provided in Section 27-105-5.

474 (2) Notwithstanding the foregoing, any financial institution  
475 whether or not meeting the prescribed ratio requirement whose  
476 accounts are insured by the Federal Deposit Insurance Corporation  
477 or any successors to that insurance corporation, or any United  
478 States Treasury-certified Community Development Financial  
479 Institutions Fund Credit Union whether or not meeting the  
480 prescribed ratio requirement whose accounts are insured by the  
481 National Credit Union Administration or any successors to that  
482 insurance administration, may receive county funds in an amount  
483 not exceeding the amount that is insured by that insurance  
484 corporation or insurance administration and may qualify as a  
485 county depository to the extent of that insurance.

486 (3) For purposes of the foregoing subsection (2), a deposit  
487 or investment shall be within the amount that is insured by that  
488 insurance corporation or insurance administration if the deposit  
489 or investment is made on the following conditions:

490 (a) The financial institution arranges for the  
491 investment of the funds in interest-bearing accounts in one or



492 more banks or savings and loan associations wherever located in  
493 the United States, for the account of the public depositor;

494 (b) The full amount of the principal and accrued  
495 interest of each such interest-bearing account is insured by the  
496 Federal Deposit Insurance Corporation or by the National Credit  
497 Union Administration;

498 (c) The financial institution acts as custodian for the  
499 public depositor with respect to the funds invested in the public  
500 depositor's account; and

501 (d) At the same time that such interest-bearing  
502 accounts are invested, the financial institution receives an  
503 amount of deposits from customers of other financial institutions  
504 located in the United States equal to or greater than the amount  
505 of the funds invested by the public depositor through the  
506 financial institution.

507 **SECTION 5.** Section 27-105-353, Mississippi Code of 1972, is  
508 amended as follows:

509 27-105-353. The board of mayor and aldermen or other  
510 municipal authorities of each and every \* \* \* municipality in the  
511 state are required to select a depository in the manner provided  
512 by law for the selection of county depositories. Before being  
513 selected, a depository must be certified by the State Treasurer as  
514 meeting the capital ratio requirement specified in Section  
515 27-105-5 or 27-105-6. An institution shall not be a qualified  
516 depository and shall not receive any municipal funds unless its



517 ratio has been certified annually by the State Treasurer as  
518 meeting the prescribed requirement. Notwithstanding the  
519 foregoing, any financial institution whether or not meeting the  
520 prescribed ratio requirement whose accounts are insured by the  
521 Federal Deposit Insurance Corporation or any successors to that  
522 insurance corporation, or any United States Treasury-certified  
523 Community Development Financial Institutions Fund Credit Union  
524 whether or not meeting the prescribed ratio requirement whose  
525 accounts are insured by the National Credit Union Administration  
526 or any successors to that insurance administration, may receive  
527 municipal funds in an amount not exceeding the amount that is  
528 insured by that insurance corporation or insurance administration  
529 and may qualify as a municipal depository to the extent of that  
530 insurance as prescribed in Section 27-105-315.

531       **SECTION 6.** This act shall take effect and be in force from  
532 and after July 1, 2023.

