

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**HOUSE BILL 474
RATIFIED BILL**

AN ACT TO AUTHORIZE THE REDEPOSIT OF STATE AND LOCAL GOVERNMENT FUNDS INTO INSURED DEMAND, MONEY MARKET, AND NEGOTIABLE ORDER OF WITHDRAWAL DEPOSIT ACCOUNTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 159-30(b1) reads as rewritten:

"(b1) In addition to deposits authorized by subsection (b) of this section, the finance officer may deposit any portion of idle funds in accordance with all of the following conditions:

- (1) The funds are initially deposited through a bank or savings and loan association that is an official depository and that is selected by the finance officer.
- (2) The selected bank or savings and loan association arranges for the ~~deposit~~ redeposit of funds in ~~certificates of deposit for the account~~ accounts of the local government or public authority in one or more federally insured banks or savings and loan associations wherever located, provided that no funds shall be deposited in a bank or savings and loan association that at the time holds other deposits from the local government or public authority.
- (3) The full amount of principal and any accrued interest of each ~~certificate of deposit~~ account are covered by federal deposit insurance.
- (4) The selected bank or savings and loan association acts as custodian for the local government or public authority with respect to the ~~certificates of deposit issued for~~ in the local government's or public authority's account.
- (5) ~~At the same time~~ On the same date that the local government or public authority funds are deposited and the ~~certificates of deposit are issued,~~ redeposited, the selected bank or savings and loan association receives an amount of federally insured deposits from customers of other ~~federally insured~~ financial institutions wherever located equal to or greater than the amount of the funds invested by the local government or public authority through the selected bank or savings and loan association."

SECTION 2. G.S. 115D-58.6(a1) reads as rewritten:

"(a1) Deposits. – The institution may deposit at interest all or part of the cash balance of any fund in an official depository of the institution. Moneys may be deposited at interest in any official depository of the institution in the form of ~~certificates of such deposit or such other forms of time deposits~~ accounts as may be approved for county governments. In addition, moneys may be deposited in the form of ~~certificates of such deposit~~ accounts as provided for a local government or public authority in G.S. 159-30(b1). Investment deposits shall be secured as provided in G.S. 159-31(b)."

SECTION 3. G.S. 147-69.1(c)(5) reads as rewritten:

- (5) Certificates of deposit and other ~~time deposits~~ deposit accounts of financial institutions under any of the following conditions:
 - a. With financial institutions with a physical presence in the State for the purpose of receiving commercial or retail deposits; provided that any principal amount of such deposit in excess of the amount insured by the federal government or any agency thereof, be fully secured by surety bonds, or be fully collateralized; provided further that the rate of return or investment yield may not be less than that available in



the market on United States government or agency obligations of comparable maturity.

- b. With financial institutions with a physical presence inside or outside the State, in accordance with all of the following conditions:
1. The funds are initially deposited through a bank or savings and loan association in the State that is an official depository and that is selected by the State Treasurer, provided that the rate of return or investment yield shall not be less than that available in the market on United States government or agency obligations of comparable maturity.
 2. The selected bank or savings and loan association arranges for the ~~deposit~~redeposit of the funds in ~~certificates of deposit for the account~~accounts of the State in one or more federally insured banks or savings and loan associations wherever located, provided that no State funds shall be deposited in a bank or savings and loan association that at the time holds other ~~time~~deposits from the State.
 3. The full amount of principal and any accrued interest of each ~~certificate of deposit~~ account are covered by federal deposit insurance.
 4. The selected bank or savings and loan association acts as custodian for the State with respect to the ~~certificates of deposit issued for~~in the State's account.
 5. ~~At the same time~~On the same date that the State funds are deposited and the ~~certificates of deposit are issued,~~redeposited, the selected bank or savings and loan association receives an amount of federally insured deposits from customers of other ~~federally insured~~ financial institutions wherever located equal to or greater than the amount of the funds invested by the State through the selected bank or savings and loan association pursuant to this sub-subdivision."

SECTION 4. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 10th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

Pat McCrory
Governor

Approved _____ .m. this _____ day of _____, 2013