



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

SB1812

Introduced 2/15/2013, by Sen. Terry Link

#### SYNOPSIS AS INTRODUCED:

30 ILCS 225/1  
30 ILCS 235/6.5

from Ch. 102, par. 34

Amends the Public Funds Deposit Act. Provides that, in addition to other investments permitted by law, any treasurer or other custodian of public funds may deposit those funds into demand deposit accounts. Excludes those deposits from statutory requirements pertaining to the eligibility of a bank to receive or hold public deposits, and to the pledging of collateral by a bank to secure public deposits, if (i) the public agency initiates the investment at or through a bank located in Illinois and (ii) the invested public funds are at all time fully insured by an agency or instrumentality of the federal government. Effective immediately.

LRB098 06937 HLH 40706 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning finance.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Public Funds Deposit Act is amended by  
5 changing Section 1 as follows:

6 (30 ILCS 225/1) (from Ch. 102, par. 34)

7 Sec. 1. Deposits. Any treasurer or other custodian of  
8 public funds may deposit such funds in a savings and loan  
9 association, savings bank, or State or national bank in this  
10 State, or deposit those funds into demand deposit accounts in  
11 accordance with Section 6.5 of the Public Funds Investment Act.

12 When such deposits become collected funds and are not needed  
13 for immediate disbursement, they shall be invested within 2  
14 working days at prevailing rates or better. The treasurer or  
15 other custodian of public funds may require such bank, savings  
16 bank, or savings and loan association to deposit with him or  
17 her securities guaranteed by agencies and instrumentalities of  
18 the federal government equal in market value to the amount by  
19 which the funds deposited exceed the federally insured amount.  
20 Any treasurer or other custodian of public funds may accept as  
21 security for public funds deposited in such bank, savings bank,  
22 or savings and loan association any securities or other  
23 eligible collateral authorized by Sections 11 and 11.1 of the

1 Deposit of State Moneys Act (15 ILCS 520/11 and 11.1) or  
2 Section 6 of the Public Funds Investment Act (30 ILCS 235/6).  
3 Such treasurer or other custodian is authorized to enter into  
4 an agreement with any such bank, savings bank, or savings and  
5 loan association, with any federally insured financial  
6 institution or trust company, or with any agency of the U.S.  
7 government relating to the deposit of such securities. Any such  
8 treasurer or other custodian shall be discharged from  
9 responsibility for any funds for which securities are so  
10 deposited with him or her, and the funds for which securities  
11 are so deposited shall not be subject to any otherwise  
12 applicable limitation as to amount.

13 No bank, savings bank, or savings and loan association  
14 shall receive public funds as permitted by this Section, unless  
15 it has complied with the requirements established pursuant to  
16 Section 6 of the Public Funds Investment Act or is otherwise  
17 exempt from compliance as authorized by Section 6.5 of that  
18 Act.

19 (Source: P.A. 93-561, eff. 1-1-04.)

20 Section 10. The Public Funds Investment Act is amended by  
21 changing Section 6.5 as follows:

22 (30 ILCS 235/6.5)

23 Sec. 6.5. Federally insured deposits at Illinois financial  
24 institutions.

1           (a) Notwithstanding any other provision of this Act or any  
2 other statute, whenever a public agency invests public funds in  
3 an interest-bearing savings account, demand deposit account,  
4 interest-bearing certificate of deposit, or interest-bearing  
5 time deposit under Section 2 of this Act, the provisions of  
6 Section 6 of this Act and any other statutory requirements  
7 pertaining to the eligibility of a bank to receive or hold  
8 public deposits or to the pledging of collateral by a bank to  
9 secure public deposits do not apply to any bank receiving or  
10 holding all or part of the invested public funds if (i) the  
11 public agency initiates the investment at or through a bank  
12 located in Illinois and (ii) the invested public funds are at  
13 all time fully insured by an agency or instrumentality of the  
14 federal government.

15           (b) Nothing in this Section is intended to:

16           (1) prohibit a public agency from requiring the bank at  
17 or through which the investment of public funds is  
18 initiated to provide the public agency with the information  
19 otherwise required by subsections (a), (b), or (c) of  
20 Section 6 of this Act as a condition of investing the  
21 public funds at or through that bank; or

22           (2) permit a bank to receive or hold public deposits if  
23 that bank is prohibited from doing so by any rule,  
24 sanction, or order issued by a regulatory agency or by a  
25 court.

26           (c) For purposes of this Section, the term "bank" includes

1 any person doing a banking business whether subject to the laws  
2 of this or any other jurisdiction.

3 (Source: P.A. 93-756, eff. 7-16-04.)

4 Section 99. Effective date. This Act takes effect upon  
5 becoming law.