

4/18 5:15 P

Chapter No. 413
12/SS01/R1122
JN / TB|EC

SENATE BILL NO. 2567

Originated in Senate Liz Welch Secretary

SENATE BILL NO. 2567

AN ACT TO AMEND SECTION 21-33-323, MISSISSIPPI CODE OF 1972, TO REVISE THE AUTHORITY TO INVEST A MUNICIPALITY'S SURPLUS FUNDS; TO AMEND SECTION 27-105-315, MISSISSIPPI CODE OF 1972, TO REVISE THE QUALIFICATIONS OF A COUNTY DEPOSITORY; TO BRING FORWARD SECTION 19-9-29, MISSISSIPPI CODE OF 1972, WHICH PROVIDES FOR THE INVESTMENT OF A COUNTY'S SURPLUS FUNDS; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 21-33-323, Mississippi Code of 1972, is amended as follows:

21-33-323. (1) Whenever any municipality shall have on hand any bond and interest funds, any funds derived from the sale of bonds, special funds, or any other funds in excess of the sums which will be required for immediate expenditure and which are not needed or cannot by law be used for the payment of the current obligations or expenses of such municipality, the governing authorities of such municipality shall have the power and authority to invest such excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, or of any school district, which such county or municipal or school district bonds have been approved by a reputable bond attorney or have been validated by a decree of the chancery court, or in obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository. In any event the bonds or obligations in which such funds are invested shall mature or be redeemable prior to the time the funds so invested will be needed for expenditure.

(2) However, such excess funds may first be offered for investment in interest-bearing accounts with or through municipal depositories serving in accordance with Section 27-105-353 at a rate of interest not less than a simple interest rate numerically equal to the average bank discount rate on United States Treasury bills of comparable maturity. The rate of interest established herein shall be the minimum rate of interest and there shall be no maximum rate of interest.

(3) Such excess funds may also be invested in interest-bearing accounts in or through state depositories located in such municipality to the same extent as such depositories are eligible for invested state funds.

(4) When bonds or other obligations have been so purchased, the same may be sold or surrendered for redemption at any time by order or resolution of the governing authorities of the municipality, and the mayor of the municipality, when authorized by such order or resolution, shall have the power and authority to execute all instruments and take such other action as may be necessary to effectuate the sale or redemption thereof.

(5) When such bonds or other obligations are sold or redeemed, the proceeds thereof, including accrued interest thereon, shall be paid into the same fund as that from which the investment was made and shall in all respects be dealt with as are other monies in such fund.

(6) Except as hereinafter provided, any interest derived from the investments authorized in this section may, as an alternative, be deposited into the general fund of the municipality. Any interest derived from the investment of sums received under the terms of the federal State and Local Fiscal Assistance Act of 1972 and any subsequent revisions or reenactments of that act shall be paid into the same fund as that from which the investment was made. Any interest derived from the investment of school bond funds shall be handled as provided in

Section 37-59-43. Any interest derived from investment of other bond proceeds or from investment of any bond and interest fund, bond reserve fund or bond redemption sinking fund shall be deposited either in the same fund from which the investment was made or in the bond and interest fund established for payment of the principal or interest on the bonds. Any interest derived from special purpose funds which are outside the function of general municipal government shall be paid into that special purpose fund.

(7) The authority granted by this section shall be cumulative and in addition to any other law relating to the investment of funds by municipalities.

SECTION 2. Section 27-105-315, Mississippi Code of 1972, is amended as follows:

27-105-315. (1) Any financial institution in a county, or in an adjoining county where there is no financial institution in the county qualifying, whose accounts are insured by the Federal Deposit Insurance Corporation or any successors to that insurance corporation may qualify as a county depository, if the institution qualifies as a public funds depository under Section 27-105-5 or a public funds guaranty pool member under Sections 27-105-5 and 27-105-6. The qualified financial institution shall secure those deposits by placing qualified securities on deposit with the State Treasurer as provided in Section 27-105-5.

(2) Notwithstanding the foregoing, any financial institution whether or not meeting the prescribed ratio requirement whose accounts are insured by the Federal Deposit Insurance Corporation or any successors to that insurance corporation, may receive county funds in an amount not exceeding the amount that is insured by that insurance corporation and may qualify as a county depository to the extent of that insurance.

(3) For purposes of the foregoing subsection (2), a deposit or investment shall be within the amount that is insured by that

insurance corporation if the deposit or investment is made on the following conditions:

(a) The financial institution arranges for the investment of the funds in interest-bearing accounts in one or more banks or savings and loan associations wherever located in the United States, for the account of the public depositor;

(b) The full amount of the principal and accrued interest of each such interest-bearing account is insured by the Federal Deposit Insurance Corporation;

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

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

SECTION 3. Section 19-9-29, Mississippi Code of 1972, is brought forward as follows:

19-9-29. Whenever any county shall have on hand any bond and interest funds, any funds derived from the sale of bonds, special funds, or any other funds in excess of the sums which will be required to meet the current needs and demands of no more than seven (7) business days, the board of supervisors of such county shall invest such excess funds in the following manner:

(a) Such excess funds shall be invested for periods of from fourteen (14) days to one (1) year in interest-bearing time certificates of deposit with or through county depositories serving in accordance with Section 27-105-303 which are willing to accept the same, at a negotiated rate of interest. The negotiated rate of interest shall be at the highest rate possible at the date of purchase or investment for such time certificates of deposit or

interest-bearing accounts, but such rate of interest shall not be less than the rate of interest paid to the general public on passbook savings. The rate of interest established herein shall be the minimum rate of interest and there shall be no maximum rate of interest.

(b) The balance, if any, of such excess funds shall be invested in interest-bearing time certificates of deposit for the same maturity periods and at the same rate of interest as prescribed in paragraph (a) of this section in or through state depositories located in such county which are willing to accept the same, to the same extent as such depositories are eligible for invested state funds.

(c) To the extent that the board of supervisors finds that such excess funds cannot be invested pursuant to paragraphs (a) and (b) of this section for the stated maturity of from fourteen (14) days to one (1) year, the board of supervisors may invest such funds in any bonds or other direct obligations of the United States of America, the State of Mississippi, or any county, municipality or school district of this state, if such county, municipal or school district bonds have been approved by a reputable bond attorney or have been validated by a decree of the chancery court, or the board of supervisors may invest such funds, together with any other funds required for current operation, in obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a county or state depository, or the board of supervisors may deposit such funds in interest-bearing accounts with a county or state depository. Such bonds or obligations purchased may have any maturity date, provided that they shall mature or be redeemable prior to the time that the funds so invested will be needed for expenditure.

Any excess funds invested in certificates of deposit or interest-bearing accounts with county or state depositories under

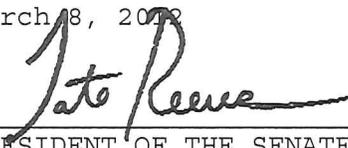
this section shall be secured in the manner required by Section 27-105-315. The proceeds of such certificates of deposit shall be immediately reinvested on the date of maturity in accordance with paragraphs (a), (b) and (c) of this section, unless the board of supervisors determines that such funds are required for current operation.

When bonds or other obligations have been purchased, the same may be sold or surrendered for redemption at any time, except certificates of deposit which must mature, by order or resolution of such board of supervisors. The president of the board of supervisors, when authorized by such order or resolution, shall have the power and authority to execute all instruments and take such other action as may be necessary to effectuate the sale or redemption thereof. When such bonds or other obligations are sold or redeemed, the proceeds thereof, including accrued interest thereon, shall be paid into the same fund as that from which the investment was made and shall in all respects be dealt with as are other monies in such fund. Except as hereinafter provided, any interest derived from the investments authorized in this section may, as an alternative, be deposited into the general fund of the county. Any interest derived from the investment of sums received under the terms of the federal State and Local Fiscal Assistance Act of 1972, and any subsequent revisions or reenactments of that act, shall be paid into the same fund as that from which the investment was made. Any interest derived from the investment of school bond funds shall be handled as provided in Section 37-59-43. Any interest derived from investment of other bond proceeds or from investment of any bond and interest fund, bond reserve fund or bond redemption sinking fund shall be deposited either in the same fund from which the investment was made or in the bond and interest fund established for payment of the principal or interest on the bonds. Any interest derived from

special purpose funds which are outside the function of general county government shall be paid into that special purpose fund.

SECTION 4. This act shall take effect and be in force from and after July 1, 2012.

PASSED BY THE SENATE
March 8, 2012



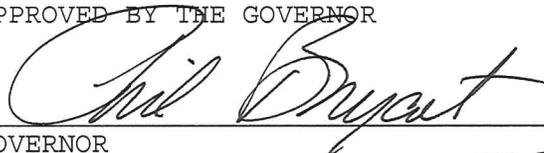
PRESIDENT OF THE SENATE

PASSED BY THE HOUSE OF REPRESENTATIVES
April 4, 2012



SPEAKER OF THE HOUSE OF REPRESENTATIVES

APPROVED BY THE GOVERNOR



GOVERNOR

5:15 pm