

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997

A Bill

ACT 847 OF 1997
HOUSE BILL 2139

4
5 By: Representative Maddox
6
7

For An Act To Be Entitled

8 "STATE TREASURY MANAGEMENT LAW."
9

Subtitle

10 "STATE TREASURY MANAGEMENT LAW."
11

12 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
13

14 Section 1. Title 19, Chapter 3 of the Arkansas Code is amended by
15 adding an additional subchapter to read as follows:
16

"Subchapter 5

State Treasury Management Law

19-3-501. Title.

17 This subchapter may be referred to and cited as the "State Treasury
18 Management Law."
19

19-3-502. Definitions.

20 As used in this subchapter, unless the context otherwise requires:

21 (1) "Fund" means a specifically named account in the State Treasury, to
22 which, as provided by law, moneys are credited upon receipt thereof and
23 charged upon withdrawal therefrom;
24

25 (2) "Gross fund balance," with respect to a particular named fund, means
26 the balance at any time standing to the credit of that fund;

27 (3) "Net fund balance," with respect to a particular named fund, means
28 its gross fund balance less the total amount of unredeemed warrants drawn on
29 the State Treasurer against the same fund;

30 (4) "Gross federal fund balances," "gross trust fund balances," or
31 "gross state fund balances," with respect to a particular major group, means
32

1 the aggregate total amount of the gross fund balances at any time standing to
 2 the credit of all funds of that particular group;

3 (5) "Net federal fund balances," "net trust fund balances," or "net
 4 state fund balances," with respect to a particular major group, means the
 5 aggregate total amount of the gross fund balances at any time standing to the
 6 credit of all funds of that particular group, less the total amount of
 7 unredeemed warrants drawn on the State Treasurer against all funds of the same
 8 group;

9 (6) "Gross Treasury fund balances" means the aggregate total amount of
 10 the balances standing to the credit of all funds on the records of the State
 11 Treasurer;

12 (7) "Net Treasury fund balances" means gross Treasury fund balances,
 13 less the total amount of all unredeemed warrants drawn on the State Treasurer;

14 (8) "Cash Account" means the account in the State Treasury consisting of
 15 all cash in the hands of the State Treasurer and on deposit in the name of the
 16 State Treasurer in depository banks;

17 (9) "Securities Account" means the account in the State Treasury
 18 consisting of all securities held by the State Treasurer through its
 19 investment of gross state fund balances;

20 (10) "Trust Deposit Account" means the account in the State Treasury
 21 consisting of all, but only, certificates of deposit acquired by the State
 22 Treasurer for and in behalf of the several retirement systems and other trust
 23 accounts;

24 (11) "Certificate of Deposit Account" means the account in the State
 25 Treasury consisting of all, but only, certificates of deposit acquired by the
 26 State Treasurer through the State Treasurer's Certificate of Deposit
 27 Investment Program.

28 (12) "Safekeeping Account" means the account in the State Treasury
 29 consisting of all securities received by the State Treasurer from the
 30 administrators of the several state retirement systems and other trust
 31 accounts;

32 (13) "Bank" means a state bank, or a national bank or an out-of-state
 33 state-chartered bank which has received a certificate of authority under 23-
 34 48-1001; provided that such term shall also include any foreign bank organized
 35 under the laws of a territory of the United States, Puerto Rico, Guam,
 36 American Samoa or the Virgin Islands, the deposits of which are insured by the

1 Federal Deposit Insurance Corporation;

2 (14) Savings and loan association" means a corporation carrying on the
 3 business of a savings and loan association or a building and loan association
 4 under a charter issued by this state, or any federal savings association or
 5 federal savings bank which is chartered under federal law;

6 (15) "Home state" means:

7 (A) With respect to a state-chartered bank, the state by which
 8 the bank is chartered;

9 (B) With respect to a national bank, the state in which the main
 10 office of the bank is located;

11 (C) With respect to a foreign bank, the state determined to be
 12 the home state of such foreign bank under 12 U.S.C. § 3103(c);

13 (16) "Host state" means a state, other than the home state of a bank,
 14 in which the bank maintains, or seeks to establish and maintain a branch;

15 (17) "Main banking office" or "main office" with respect to a bank,
 16 means the main banking office designated or provided for in the articles of
 17 incorporation of a state bank, and the main office designated or provided for
 18 in the articles of association of a national bank, at such identified location
 19 as shall have been or as hereafter may be approved by the Commissioner, in the
 20 case of a state bank, or by the appropriate federal regulatory agency, in the
 21 case of a national bank;

22 (18) "Out of state bank" means a bank whose home state is any state
 23 other than Arkansas;

24 (19) "State bank" means (a) a corporation created pursuant to either
 25 Act 113 of the Arkansas General Assembly of 1913 or Act 179 of the Arkansas
 26 General Assembly of 1969 (or pursuant to any predecessor or successor act or
 27 acts of either of the foregoing) and existing and authorized under the laws of
 28 this state on May 30, 1997, to engage in a general commercial banking
 29 business; and (b) a corporation organized under the provisions of Act 89 of
 30 1997 and authorized thereunder to engage in a general commercial banking
 31 business;

32 (20) "Registered out-of-state bank" means an out-of-state bank which
 33 has a certificate of authority pursuant to the terms of Subchapter 10, Chapter
 34 48, Title 23 of Arkansas Code Annotated (§ 23-48-1001 et seq.);

35 (21) "National bank" means a national banking association organized
 36 pursuant to 12 U.S.C. § 21-215b;

1 (22) "Capital base" means the sum of its capital stock, surplus,
 2 undivided profits, plus any additions and less any subtractions which the
 3 Commissioner may by regulation prescribe;

4 (23) "Commissioner" shall mean the Arkansas State Bank Commissioner.

5 (24) The terms "institution (institutions)" and "depository
 6 (depositories)" shall mean a bank or savings and loan association as defined
 7 in 19-3-502 (12) and (13).

8 (25) The terms "Treasurer of State" and "State Treasurer" shall mean
 9 the elected office of the Treasurer of the State of Arkansas.

10

11 19-3-503. Composition of gross Treasury fund balances.

12 Gross Treasury fund balances shall consist of the Cash Account, the
 13 Securities Account, the Trust Deposit account, the Certificate of Deposit
 14 Account, and other accounts as deemed necessary; that is, the aggregate total
 15 amount of cash in the hands of the State Treasurer and on deposit in the name
 16 of the State Treasurer in bank depositories plus the principal amount of all
 17 securities held in the Securities Account.

18

19 19-3-504. Record and report of summary financial transactions.

20 (a)(1) The several funds shall be separately listed on the records of
 21 the State Treasurer under their respective major group headings, and, with
 22 respect to each fund, each group, and all groups, the records shall reflect,
 23 each day:

24 (A) Summary financial transactions for the day and cumulative summary
 25 financial transactions for the current fiscal year. These summaries shall
 26 include a statement of receipts, both direct and by transfer, a statement of
 27 disbursements, both by warrant redemption and by transfer, and the amount of
 28 uncollected checks legally charged off;

29 (B) The credit balance therein at the close of business; and

30 (C) The composition of gross Treasury fund balances.

31 (2) Additionally, the records shall reflect, in summary form, the total
 32 principal amount of securities held in trust in the State Treasurer's
 33 Safekeeping Account for each of the several retirement systems and other trust
 34 funds or accounts.

35 (3) The enumeration in this subsection shall not be construed as a
 36 limitation of the items of summary financial information which may be included

1 in any such record, nor shall this requirement be so construed as to exclude
2 such other primary and such subsidiary and auxiliary records as may be
3 required by law, or as the State Treasurer shall determine to keep, or as may
4 be required of the State Treasurer by the Chief Fiscal Officer of the state in
5 the performance of his duties.

6 (b)(1) A daily and a monthly report copy of the record of the summary
7 financial transactions shall be prepared by the State Treasurer and be
8 available to the Chief Fiscal Officer of the state.

9 (2) The report copy, and the record of the summary financial
10 transactions from which it was prepared, shall be open to public inspection
11 during normal business hours.

12

13 19-3-505. Disposition of moneys received by State Treasurer.

14 (a) The State Treasurer shall issue receipts to the respective
15 depositors of moneys in the State Treasury. On the day of the receipt thereof,
16 or as soon thereafter as may be done, the moneys shall be credited to the
17 particular funds entitled thereto, as provided for by law.

18 (b)(1) After credit to the respective funds, the moneys shall be
19 commingled with all other moneys in the hands of the State Treasurer, and as
20 soon as may be done after the receipt thereof, the moneys shall be deposited
21 in bank depositories to the credit of the account of the State Treasurer, or
22 invested as prescribed in this subchapter.

23 (2) Nothing in this subsection shall be so construed as to prohibit the
24 State Treasurer from keeping cash in the State Treasurer's office in such
25 reasonable amounts as shall be necessary for the transaction of the day-to-day
26 business of the office with persons and firms other than bank depositories.

27

28 19-3-506. Custodian of various accounts.

29 (a) The State Treasurer shall be custodian of all securities at any time
30 held in the Securities Account and, as custodian, shall be charged with their
31 care. All such securities shall be recorded at cost.

32 (b) The State Treasurer shall be custodian of all certificates of
33 deposit which are at any time held in the Trust Deposit Account and, as
34 custodian, shall be charged with their care. All certificates of deposit shall
35 be recorded at cost and segregated under appropriate titles so as to reflect
36 the total principal amount of the certificates at any time held for each of

1 the several trust accounts.

2 (c) The State Treasurer shall be custodian of all securities at any time
3 held in the Safekeeping Account and, as custodian, shall be charged with their
4 safekeeping. However, control of the disposition thereof shall, at all times,
5 be vested in the respective administrators of the several trust accounts for
6 whom the securities are held. All such securities shall be recorded at their
7 par value and segregated under appropriate titles so as to reflect the total
8 principal amount of securities at any time held for each of the trust
9 accounts.

10

11 19-3-507. Bank depositories generally.

12 (a)(1) Subject to the conditions and limitations provided in 19-3-508 -
13 19-3-517, any bank or savings and loan association as outlined in 19-3-502
14 (12) and (13) may be designated as a depository of State Treasury moneys.

15 (2) The State Treasurer, as custodian of such funds, shall be guided by
16 these provisions in the handling and safeguarding of such funds any other law
17 to the contrary notwithstanding.

18 (b) Nothing contained in 19-3-508 - 19-3-517 shall be so construed as to
19 require any institution to act as a depository of State Treasury funds.
20 However, the acceptance of a deposit of State Treasury funds by any
21 institution shall carry with it the obligation of the institution to observe
22 all of the provisions of 19-3-508 - 19-3-517 which are applicable to eligible
23 depositories.

24

25 19-3-508. Deposits in ineligible institutions.

26 (a) The State Treasurer may not deposit any State Treasury funds in any
27 institution not considered eligible to be a depository under 19-3-507 unless
28 deposits in such institutions are required to be made by other law or by
29 resolution of a state board or commission duly adopted pursuant to the
30 authority and requirement of other law.

31 (b) Nothing in this prohibition shall be applicable to funds set aside
32 in the State Treasury and immediately required by out-of-state paying agents
33 for the specific purpose of meeting the debt service requirements of the
34 direct general obligation bonds of the State of Arkansas outstanding at any
35 time.

36

1 19-3-509. Maximum amount of deposits.

2 The maximum amount of State Treasury funds which are held in
 3 certificates of deposit of any depository and in demand deposit accounts
 4 together shall not exceed an amount equal to the total amount of the capital
 5 base of that depository.

6
 7 19-3-510. Types of accounts for deposits.

8 (a) All State Treasury funds deposited in depository institutions shall
 9 be credited to accounts in the name of the State Treasurer. All accounts which
 10 the Treasurer shall establish in any or all depository institutions may be
 11 determined by the Treasurer as either demand deposit accounts, certificates
 12 of deposit, or other accounts as deemed necessary.

13 (b) The certificate of deposit account in each such depository shall
 14 consist of state funds as deposited under the State Treasurer's Certificate
 15 of Deposit Investment Program and trust funds deposited for various trust
 16 funds.

17 (c) The demand deposit account in each such depository shall be of such
 18 amount subject to 19-3-209 as determined by the Treasurer and shall consist
 19 of:

20 (1) All federal funds, as defined in 19-6-101 et seq.;

21 (2) Trust funds to the extent that such funds are not invested in
 22 securities and certificates of deposit; and

23 (3) State funds to the extent that such funds are not invested in
 24 securities

25 (d) No treasury funds may be deposited in any depository except under
 26 the terms of a written agreement entered into between the Treasurer and the
 27 depository, the essential elements of which agreement shall be conformable to,
 28 or not inconsistent with, applicable state and federal law and regulations
 29 promulgated thereunder.

30
 31 19-3-511. Term of deposit - Interest.

32 (a)(1) Interest to be paid on certificates of deposit invested through
 33 the State Treasurer's Certificate of Deposit Investment Program shall be at a
 34 rate fixed by the State Board of Finance at a meeting duly called and held
 35 preceding the beginning date of the term of the certificate of deposit.

36 (2) The State Treasurer and each depository shall enter into an

1 agreement establishing the term or renewal term of the certificate of deposit
 2 which shall be set by the State Board of Finance.

3 (3) Notice of the date and time of the holding of the meeting shall be
 4 given by the secretary of the board with publication of a notice of the
 5 meeting in a newspaper of statewide circulation not less than five (5) days,
 6 nor more than fifteen (15) days, in advance of the meeting date.

7 (A) At each such meeting, any person desiring to be heard shall be
 8 given the opportunity to express his views on any matter under consideration
 9 by the board,

10 (B) The board shall give due consideration to all such views, together
 11 with such other and additional views as may be expressed by its members, which
 12 it deems to be relevant. Thereafter, at the meeting, the board shall fix the
 13 rate of interest to be paid by depositories during the next term and direct
 14 its secretary to certify the amount thereof to the State Treasurer.

15

16 19-3-512. Estimate of deposits not needed for operations.

17 (a) The State Treasurer, in conjunction with the Chief Fiscal Officer
 18 of the State, shall determine what amount of state funds will be available in
 19 the next period that may be placed by the State Board of Finance into the
 20 State Treasurer's Certificate of Deposit Investment Program as provided in
 21 19-3-519 during the next period. Interest shall be paid on these deposits as
 22 provided in 19-3-511.

23 (b) The State Treasurer, acting ministerially, shall have the authority
 24 to take such action and do such things as shall be necessary to accomplish the
 25 expressed purposes and intent of this section.

26

27 19-3-513. Interest income on deposits.

28 (a) Interest from time to time due by each depository on demand deposit
 29 accounts and certificates of deposit shall be paid and transmitted on each due
 30 date to and in the manner authorized and prescribed by the Treasurer of State.

31 (b) All such interest income shall be classified as trust fund income,
 32 and the net amount thereof shall be credited to the Securities Reserve Fund.

33

34 19-3-514. List of deposits.

35 (a) On or before the tenth day following the end of each calendar
 36 quarter-year, the State Treasurer shall prepare a list of all depositories and

1 the amounts of State Treasury funds on time deposit and on demand deposit in
2 each such depository on the last day of business of the quarter-year.

3 (b) This list shall be maintained for public inspection at the
4 Treasurer's office.

5

6 19-3-515. Charges on deposits.

7 (a) The Treasurer of State, acting ministerially, shall have the
8 authority to enter into an agreement with any financial institution handling
9 state funds to pay processing fees for handling such funds if it is deemed to
10 be in the best interest of the State of Arkansas.

11 (b) In the absence of such an agreement, no depository of State Treasury
12 funds shall make any charge for the handling of funds, and any claim based
13 upon any such charge or purported charge shall be void.

14

15 19-3-516. Discontinuance as bank depository.

16 (a) Any depository which shall refuse to cash upon presentation, any
17 state warrant of five hundred dollars (\$500) or less which is drawn on the
18 State Treasurer, or any bank check of five hundred dollars (\$500) or less
19 which has been issued by a state agency when the check or warrant has been
20 presented for payment within thirty (30) days of the date of issuance by the
21 payee named therein, shall immediately be discontinued as a depository of
22 State Treasury funds and, for a period of time to be determined by the State
23 Board of Finance, shall be ineligible for reinstatement as such a depository.

24 (b) Nothing in this section shall be so construed as to deprive any such
25 depository from taking such reasonable time as it may require to make proper
26 identification of the persons and signatures of payees named in such warrants
27 or checks, or to indemnify any such depository for any losses which it may
28 sustain by reason of its cashing any of the warrants or checks for persons
29 other than the payees named therein.

30

31 19-3-517. Effect of proper deposits.

32 The deposit of State Treasury funds in accordance with the provisions of
33 19-3-507 - 19-3-516 shall relieve the State Treasurer and the surety on the
34 treasurer's bond of any and all liability for the loss of such funds by reason
35 of the default or insolvency of any bank depository of State Treasury funds.

36

1 19-3-518. Investments in securities and bank certificates of deposit.

2 (a) TRUST FUNDS. (1) In addition to securities of the character
3 eligible under the laws of this state for the investment of the several trust
4 funds on the records of the Treasurer of State, certificates of deposit of
5 banks and savings and loan associations shall be eligible for the investment
6 of such funds.

7 (2)(A) The administrators of each state retirement system and of other
8 trust accounts shall, from time to time, review the flow of moneys through the
9 trust fund in the State Treasury over which that administrator shall have
10 control, all for the purpose of estimating the amounts of such moneys as may
11 be surplus to the immediate requirements of such account as provided for by
12 law.

13 (B)(i) After taking into consideration any proposal for the immediate
14 investment of such funds in securities, and to the extent of the amount of any
15 estimated surplus which shall exist, the administrator shall certify to the
16 Treasurer of State the amount thereof and the period of time during which such
17 amount shall not be required. The Treasurer of State shall invest the amount
18 so certified in certificates of deposit issued by eligible banks and savings
19 and loan associations . If the Treasurer of State is unable to place the
20 certified amount in certificates of deposit, then the remainder may be placed
21 in securities with the administrator's approval.

22 (ii) Moneys required for each such purchase shall be withdrawn from the
23 Cash Account and paid over to the institution issuing the certificate, and the
24 principal amount of the certificate shall be credited to the Trust Deposit
25 Account.

26 (iii) The certificates of deposit shall be secured to such extent and in
27 such manner as may be provided by law and otherwise as the Treasurer of State
28 shall require.

29 (iv)(a) Interest on such bank certificates of deposit shall be paid at
30 such rates as the State Treasurer shall prescribe.

31 (b) All interest income derived from the certificates of deposit or
32 other investments shall be credited as trust fund income to the account of the
33 trust fund used in making such purchase.

34 (3) At all times, the Securities Reserve Fund shall be maintained on
35 demand deposit in depository banks, and nothing contained in this subsection
36 shall be applicable to such fund.

1 (b) STATE FUNDS. (1) The State Board of Finance may direct that a
2 portion of state funds be invested in certificates of deposit in the State
3 Treasurer's Certificate of Deposit Investment Program as provided in 19-3-
4 519. The remaining portion may be invested in certificates of deposit, in
5 securities as outlined in A.C.A. § 23-47-401 without limitation or as approved
6 in the Treasurer of State investment policy, and in obligations of
7 corporations organized under the provisions of the Arkansas Development
8 Finance Corporation Act, 15-4-901 et seq., and issued thereunder to the
9 extent of forty million dollars (\$40,000,000), according to the guidelines
10 established in the Treasurer of State investment policy as approved by the
11 State Board of Finance.

12 (2)(A) Moneys required for each such purchase shall be withdrawn from
13 the Cash Account and paid over to the seller of the securities, and the cost
14 of the securities shall be credited to the Securities Account.

15 (B) The proceeds of the sale or redemption of securities at any time
16 withdrawn from the Securities Account shall be deposited in the Cash Account
17 in the State Treasury.

18 (C) In all purchases, sales, and redemptions of securities, as provided
19 in this subsection, discounts and premiums shall be credited or charged, as
20 the case may be, to the Securities Reserve Fund. All such discounts and
21 premiums which are increments and all interest received on securities at any
22 time held in the Securities Account shall be classified as trust fund income
23 and credited to the Securities Reserve Fund by the Treasurer of State.

24 (3) All purchases and sales by the State Treasurer may be in the open
25 market upon receipt of not less than two (2) quotation bids, or as defined in
26 the Treasurer of State investment policy as approved by the Board. However,
27 the board may subscribe for any such obligations which are offered by the
28 United States Treasury Department. Any such obligations at any time held by
29 the board may be exchanged for other such obligations in instances where an
30 exchange privilege has been extended by the United States Treasury Department.

31 (4) All obligations of any corporation organized under Arkansas
32 Development Finance Corporation Act, 15-4-901 et seq., purchased as authorized
33 in this section shall bear a maturity date not to exceed ten (10) years and
34 shall be purchased at par pursuant to an annual commitment to the corporation
35 under such conditions as may be determined by the State Board of Finance.
36 Prior to the purchase of any obligations by the corporation, there shall be

1 furnished to the board, without cost to it, the opinion of legal counsel
2 acceptable to the board approving the validity of the issue and reciting that,
3 in the opinion of the counsel, the obligations to be purchased by the board
4 are the duly authorized, legally binding obligations of the corporation and
5 specifying the security therefor as to which any lien or pledge has been
6 created.

7 (5) All or any part of the bonds of local industrial development
8 corporations, authorized and issued under the provisions of the Arkansas
9 Industrial Development Act, 15-4-101 et seq., and all or any part of the bonds
10 of municipalities and counties, authorized and issued under the provisions of
11 the Municipalities and Counties Industrial Development Revenue Bond Law, 14-
12 164-201 et seq., and all or any part of the obligations of development finance
13 corporations authorized and issued under the provisions of the Arkansas
14 Development Finance Corporation Act, 15-4-901 et seq., at any time held in the
15 Securities Account in the State Treasury, may be sold by the State Board of
16 Finance at public sale or at private sale, as the board shall determine.
17 However, in any private sale, the sales price of the bonds or obligations
18 shall not be less than the amount paid therefor.

19 (6) The State Board of Finance provides ministerial authority to the
20 Treasurer of State to take whatever action becomes necessary in regard to
21 securities held in the Securities Account to provide the requisite amount of
22 cash necessary in demand deposit accounts to carry out the business of the
23 State or to correct any miscalculations which have arisen.

24 (7) No purchase, exchange, or receipt of obligations by the State Board
25 of Finance shall ever be construed as a cancellation of the obligations so
26 purchased, exchanged, or received. All such obligations shall be held in trust
27 for the use and benefit of the various state funds used in such purchases,
28 this trust being subject only to the right of the board to sell or exchange
29 such obligations whenever, in its opinion, the best interest of the state may
30 be served.

31 (8)(A) The State Board of Finance shall meet as called to evaluate,
32 discuss, review, and authorize the deposit and investment of State Treasury
33 funds to be made during the period before the next meeting of the board.

34 (B) The deposit and investment of such funds and the purchase and sale
35 of permissible securities may be made at any time by the Treasurer of State
36 under the guidelines in the Treasurer of State Investment Policy reviewed and

1 approved by the State Board of Finance.

2 (9)(A) In order to increase investment income with minimal risk, the
 3 State Treasurer may loan securities held in the Securities Account, but only
 4 if, at the time the loan is executed, at least 102% of the full market value
 5 of the security loaned is collateralized by cash or securities guaranteed by
 6 the United States Government or an agency thereof.

7 (B) At all times during the term of the loan, the collateral shall be
 8 equal to not less than 100% of the full market value calculated on the total
 9 value of all securities on loan.

10 (C) For purposes of this section, the value of the collateral shall be
 11 determined on a daily basis.

12 (c) FEDERAL FUNDS. The State Board of Finance is authorized to invest
 13 federal funds, as defined by 19-6-101 et seq., the same as state funds are
 14 authorized by subsection (b) of this section. The proceeds of such investments
 15 shall be used for the same purpose as that authorized for other moneys
 16 accruing to the benefit of the Securities Reserve Fund as authorized by 19-3-
 17 521.

18
 19 19-3-519. State Treasury Certificate of Deposit Investment Program.

20 (a) From time to time the State Board of Finance sets aside an amount
 21 to be invested in 180 day or longer certificates of deposit. Hereinafter,
 22 this will be referred to as the State Treasury Certificate of Deposit
 23 Investment Program.

24 (b) Participating institutions shall be institutions choosing to
 25 participate in the Program as follows:

26 (1) National banks which have their principal office in Arkansas
 27 or are legally operating branches in Arkansas.

28 (2) Banks chartered in the State of Arkansas.

29 (3) Banks chartered by other states which are legally operating
 30 branches in Arkansas.

31 (4) Savings and loan associations or savings banks chartered by
 32 the United States which have their principal office in Arkansas or are legally
 33 operating branches in Arkansas.

34 (5) Savings and loan associations chartered by the State of
 35 Arkansas.

36 (c) Institutions which have their principal office in Arkansas shall

1 designate a representative at the principal office responsible for transacting
 2 business with the State Treasurer. Institutions which do not have their
 3 principal office in Arkansas shall designate a principal branch and a
 4 representative at the principal branch responsible for transacting business
 5 with the State Treasurer.

6 (d) Semi-annually, or as required by the State Board of Finance, each
 7 participating institution shall compute and report to the State Treasurer its
 8 Arkansas deposits, Arkansas loans, the loan to deposit ratio for Arkansas
 9 loans and deposits, and its capital base. Each participating institution
 10 shall report to the State Board of Finance information required by them to
 11 determine the institution's suitability for State Treasury deposits.

12 (1) "Arkansas loans" means the sum of:

13 (A) Loans made to individual borrowers residing in the
 14 State of Arkansas.

15 (B) Loans made to corporations or other legal entities
 16 doing business in Arkansas for which an address within Arkansas is used for
 17 transacting business.

18 (C) Bonds issued or loans made to the State of Arkansas or
 19 its instrumentalities.

20 (D) Bonds issued or loans made to political subdivisions of
 21 the State of Arkansas.

22 (E) Bonds issued by Arkansas corporations.

23 (2) "Arkansas deposits" means deposits received by banks and
 24 credited to accounts whose accountholders have as their principal place of
 25 business or permanent home addresses in Arkansas.

26 (e) The State Board of Finance shall promulgate regulations
 27 establishing the minimum capital requirements for any institution wishing to
 28 receive deposits from the State Treasurer.

29 (f) The Treasurer of State shall establish procedures to be reviewed
 30 and approved by the State Board of Finance establishing guidelines for the
 31 deposit and allocation of certificates of deposit among participating
 32 institutions.

33 (1) The deposit of funds shall be allocated between participating
 34 institutions such that institutions enumerated in 19-3-519 (b) (1) (2) and (3)
 35 make up one group, hereinafter referred to as the bank group, and institutions
 36 enumerated in 19-3-519 (b) (4) and (5) make up the other group, hereinafter

1 referred to as the savings and loan group.

2 (2) Funds shall be allocated between the two groups in a
 3 proportion to be set as needed by the State Board of Finance for an equitable
 4 allocation using each group's aggregate Arkansas deposits as a base for the
 5 allocation.

6 (3) The allocation among individual participating institutions
 7 shall be prorated on the basis of their Arkansas loans and Arkansas deposits
 8 in each respective group provided that the State Board of Finance may
 9 promulgate regulations establishing a threshold loan to deposit ratio
 10 preference.

11 (4) In the event that institutions in the savings and loan group
 12 do not accept for investment all of the pro rata part of these funds, then the
 13 excess shall be offered pro rata to institutions in the bank group.
 14 Conversely, if institutions in the bank group do not accept all of their pro
 15 rata share of the funds, then the excess shall be offered pro rata to the
 16 savings and loan group.

17 (5) To the extent that funds cannot be placed with any
 18 institution in either group, these funds may be invested as otherwise
 19 authorized by 19-3-518.

20 (g) Interest on funds invested under this section shall be paid by
 21 participating institutions at such rates as the State Board of Finance shall,
 22 from time to time, prescribe. However, these rates shall not exceed the
 23 maximum rate, if any, that banks are permitted to pay on time certificate of
 24 deposits for the same period of time by regulations of the Federal Reserve
 25 System or the Federal Deposit Insurance Corporation.

26 (h) Moneys required for each such purchase shall be withdrawn from the
 27 Cash Account and paid over to the issuer of the certificate of deposit, and
 28 the principal amount of the certificate shall be credited to the Certificate
 29 of Deposit account.

30 (i) The certificates of deposit shall be secured to such extent and in
 31 such manner as may be provided by law and otherwise as the Treasurer of State
 32 may require.

33

34 19-3-520. Minimum balance to be maintained.

35 Since it is the intent of the General Assembly of the State of Arkansas
 36 that the Treasurer of the State of Arkansas have sufficient cash available at

1 all times to redeem any and all state warrants presented for payment, the
2 State Board of Finance is authorized and directed to immediately sell
3 securities in the manner prescribed in 19-3-518(b) whenever the cash balance
4 maintained on demand deposit in bank depositories falls below excluding trust
5 funds. the amount necessary to meet operating requirements, excluding trust
6 funds.

7

8 19-3-521. Securities Reserve Fund.

9 (a)(1) In addition to the several purposes for which the Securities
10 Reserve Fund may be used, as provided in this subchapter, the fund shall be
11 used to absorb any losses in:

12 (A) Relation to securities at any time held in the Securities
13 Account in the State Treasury; and

14 (B) The State Treasurer's account in bank depositories;

15 (2) The balance in that fund shall always be available for such
16 purposes. However, moneys in this fund in excess of one hundred thousand
17 dollars (\$100,000) shall, at all times, be available to the Chief Fiscal
18 Officer of the state for transfer to the State Budget -Revolving Fund, there
19 to be used as provided by law.

20 (b) In the event any loss shall be sustained in relation to securities
21 held at any time in the Securities Account or in the State Treasurer's account
22 in any bank depository, and the credit balance in the Securities Reserve Fund
23 shall be insufficient to absorb the loss, the Chief Fiscal Officer of the
24 state shall cause a transfer of moneys to be made from the State Budget
25 Revolving Fund to the Securities Reserve Fund of such amount as shall, when
26 added to the credit balance in the Securities Reserve Fund, equal the amount
27 of any loss, it being the explicit intention of the General Assembly in the
28 enactment of this provision that no loss shall be sustained by any account,
29 the funds of which were used in making such investments and deposits.

30 (c) On a quarterly basis, interest earned on federal funds received
31 under the State and Local Fiscal Assistance Act of 1972 shall be transferred
32 at the direction of the Chief Fiscal Officer from the Securities Reserve Fund
33 to the federal funds established for the purpose of holding these moneys in
34 trust. Interest to be transferred shall be a pro rata share of total earned
35 interest based on the proportion of the average daily balances of the total
36 federal funds established for the purpose of holding the State and Local

1 Fiscal Assistance Act moneys in trust to the average daily balances of all
 2 State Treasury investments.

3

4 19-3-522. Servicing state debt.

5 (a) Unless otherwise specifically provided for by law, the Secretary of
 6 the State Board of Finance shall be disbursing officer of appropriations made
 7 for meeting the debt service requirements of the direct general obligation
 8 bonds of this state at any time outstanding.

9 (b) The term "debt service requirements," as used in this section, means
 10 the maturing principal of, interest on, and paying agents' fees in connection
 11 with the payment of the bonds. The Secretary of the State Board of Finance
 12 shall, without fail, cause notice of the call to be published not less than
 13 thirty (30) days before the first date upon which such bonds may be called,
 14 with publication to be by one (1) insertion in a newspaper published in each
 15 of the cities of Little Rock, Arkansas; St. Louis, Missouri; and in a
 16 financial newspaper published in the Borough of Manhattan, City of New York,
 17 State of New York."

18

19 SECTION 2. All provisions of this act of a general and permanent nature
 20 are amendatory to the Arkansas Code of 1987 Annotated, and the Arkansas Code
 21 Revision Commission shall incorporate the same in the Code.

22

23 SECTION 3. Severability.

24 If any provision or clause of this act or application thereof to any
 25 person or circumstance is held invalid, such invalidity shall not affect other
 26 provisions or applications of this act which can be given effect without the
 27 invalid provisions or application, and to this end the provisions of this act
 28 are declared to be severable.

29

30 SECTION 4. Repealer.

31 (a) Chapter 3, subchapters 2 and 3 of Title 19 of the Arkansas Code of
 32 1987 are hereby repealed in their entirety.

33 ~~§ 19-3-201. Title.~~

34 ~~This subchapter may be referred to and cited as the "State Treasury~~
 35 ~~Management Law".~~

36 ~~§ 19-3-202. Definitions.~~

- 1 ~~As used in this subchapter, unless the context otherwise requires:~~
- 2 ~~(1) "Fund" means a specifically named account in the State Treasury, to~~
3 ~~which, as provided by law, moneys are credited upon receipt thereof and~~
4 ~~charged upon withdrawal therefrom;~~
- 5 ~~(2) "Gross fund balance," with respect to a particular named fund,~~
6 ~~means the balance at any time standing to the credit of that fund;~~
- 7 ~~(3) "Net fund balance," with respect to a particular named fund, means~~
8 ~~its gross fund balance less the total amount of unredeemed warrants drawn on~~
9 ~~the Treasurer of State against the same fund;~~
- 10 ~~(4) "Gross federal fund balances," "gross trust fund balances," or~~
11 ~~"gross state fund balances," with respect to a particular major group, means~~
12 ~~the aggregate total amount of the gross fund balances at any time standing to~~
13 ~~the credit of all funds of that particular group;~~
- 14 ~~(5) "Net federal fund balances," "net trust fund balances," or "net~~
15 ~~state fund balances," with respect to a particular major group, means the~~
16 ~~aggregate total amount of the gross fund balances at any time standing to the~~
17 ~~credit of all funds of that particular group, less the total amount of~~
18 ~~unredeemed warrants drawn on the Treasurer of State against all funds of the~~
19 ~~same group;~~
- 20 ~~(6) "Gross State Treasury fund balances" means the aggregate total~~
21 ~~amount of the balances standing to the credit of all funds on the records of~~
22 ~~the Treasurer of State;~~
- 23 ~~(7) "Net State Treasury fund balances" means gross State Treasury fund~~
24 ~~balances, less the total amount of all unredeemed warrants drawn on the~~
25 ~~Treasurer of State;~~
- 26 ~~(8) "Cash Account" means the account in the State Treasury consisting~~
27 ~~of all cash in the hands of the Treasurer of State and on deposit in the name~~
28 ~~of the Treasurer of State in depository banks;~~
- 29 ~~(9) "Securities Account" means the account in the State Treasury~~
30 ~~consisting of all securities received by the Treasurer of State from the State~~
31 ~~Board of Finance through its investment of gross state fund balances;~~
- 32 ~~(10) "Trust Deposit Account" means the account in the State Treasury~~
33 ~~consisting of all, but only, bank certificates of deposit acquired by the~~
34 ~~Treasurer of State for and in behalf of the several retirement systems and~~
35 ~~other trust accounts; and~~
- 36 ~~(11) "Safekeeping Account" means the account in the State Treasury~~

1 ~~consisting of all securities received by the Treasurer of State from the~~
 2 ~~administrators of the several state retirement systems and other trust~~
 3 ~~accounts.~~

4
 5 ~~_____ § 19-3-203. Composition of gross State Treasury fund balances.~~

6 ~~_____ Gross State Treasury fund balances shall consist of the Cash Account,~~
 7 ~~the Securities Account, and the Trust Deposit Account; that is, the aggregate~~
 8 ~~total amount of cash in the hands of the Treasurer of State and on deposit in~~
 9 ~~the name of the Treasurer of State in bank depositories plus the principal~~
 10 ~~amount of all securities held in the Securities Account. The principal amount~~
 11 ~~of all bank certificates of deposit held in the Trust Deposit Account shall,~~
 12 ~~at all times, equal the aggregate total amount of the balances standing to the~~
 13 ~~credit of all State Treasury funds.~~

14
 15 ~~_____ § 19-3-204. Record and report of summary financial transactions.~~

16 ~~_____ (a)(1) The several funds shall be separately listed on the records of~~
 17 ~~the State Treasurer under their respective major group headings, and, with~~
 18 ~~respect to each fund, each group, and all groups, the records shall reflect,~~
 19 ~~each day:~~

20 ~~_____ (A) Summary financial transactions for the day and cumulative~~
 21 ~~summary financial transactions for the current fiscal year. These summaries~~
 22 ~~shall include a statement of receipts, both direct and by transfer, a~~
 23 ~~statement of disbursements, both by warrant redemption and by transfer, and~~
 24 ~~the amount of uncollected checks legally charged off;~~

25 ~~_____ (B) The credit balance therein at the close of business; and~~

26 ~~_____ (C) The composition of gross State Treasury fund balances.~~

27 ~~_____ (2) Additionally, the records shall reflect, in summary form, the total~~
 28 ~~principal amount of securities held in trust in the Treasurer of State's~~
 29 ~~Safekeeping Account for each of the several retirement systems and other trust~~
 30 ~~funds or accounts.~~

31 ~~_____ (3) The enumeration in this subsection shall not be construed as a~~
 32 ~~limitation of the items of summary financial information which may be included~~
 33 ~~in any such record, nor shall this requirement be so construed as to exclude~~
 34 ~~such other primary and such subsidiary and auxiliary records as may be~~
 35 ~~required by law, or as the Treasurer of State shall determine to keep, or as~~
 36 ~~may be required of the Treasurer of State by the Chief Fiscal Officer of the~~

1 ~~State in the performance of his duties.~~

2 ~~—— (b)(1) A daily and a monthly report copy of the record of the summary~~
 3 ~~financial transactions shall be prepared by the Treasurer of State and filed~~
 4 ~~with the Chief Fiscal Officer of the State.~~

5 ~~—— (2) The report copy, and the record of the summary financial~~
 6 ~~transactions from which it was prepared, shall be open to public inspection~~
 7 ~~during normal business hours.~~

8

9 ~~—— § 19-3-205. Disposition of moneys received by Treasurer of State.~~

10 ~~—— (a) The Treasurer of State shall issue receipts to the respective~~
 11 ~~depositors of moneys in the State Treasury. On the day of the receipt thereof,~~
 12 ~~or as soon thereafter as may be done, the moneys shall be credited to the~~
 13 ~~particular funds entitled thereto, as provided for by law.~~

14 ~~—— (b)(1) After credit to the respective funds, the moneys shall be~~
 15 ~~commingled with all other moneys in the hands of the Treasurer of State, and~~
 16 ~~as soon as may be done after the receipt thereof, the moneys shall be~~
 17 ~~deposited in bank depositories to the credit of the account of the Treasurer~~
 18 ~~of State, all as prescribed in this subchapter.~~

19 ~~—— (2) Nothing in this subsection shall be so construed as to prohibit the~~
 20 ~~Treasurer of State from keeping cash in the Treasurer of State's office in~~
 21 ~~such reasonable amounts as shall be necessary for the transaction of the~~
 22 ~~day-to-day business of the office with persons and firms other than bank~~
 23 ~~depositories.~~

24 ~~——~~

25 ~~—— § 19-3-206. Custodian of various accounts.~~

26 ~~—— (a) The Treasurer of State shall be custodian of all securities at any~~
 27 ~~time held in the Securities Account and, as custodian, shall be charged with~~
 28 ~~their care. However, control of the disposition thereof shall, at all times,~~
 29 ~~be vested in the State Board of Finance. All such securities shall be recorded~~
 30 ~~at their par value.~~

31 ~~—— (b) The Treasurer of State shall be custodian of all bank certificates~~
 32 ~~of deposit which are at any time held in the Trust Deposit Account and, as~~
 33 ~~custodian, shall be charged with their care. All certificates of deposit shall~~
 34 ~~be recorded at their par value and segregated under appropriate titles so as~~
 35 ~~to reflect the total principal amount of the certificates at any time held for~~
 36 ~~each of the several trust accounts.~~

1 ~~_____ (c) The Treasurer of State shall be custodian of all securities at any~~
 2 ~~time held in the Safekeeping Account and, as custodian, shall be charged with~~
 3 ~~their safekeeping. However, control of the disposition thereof shall, at all~~
 4 ~~times, be vested in the respective administrators of the several trust~~
 5 ~~accounts for whom the securities are held. All such securities shall be~~
 6 ~~recorded at their par value and segregated under appropriate titles so as to~~
 7 ~~reflect the total principal amount of securities at any time held for each of~~
 8 ~~the trust accounts.~~

9

10 ~~_____ **§ 19-3-207. Bank depositories generally.**~~

11 ~~_____ (a)(1) Subject to the conditions and limitations provided in ^{AA}~~
 12 ~~19-3-208 - 19-3-218, all banks in this state are designated depositories of~~
 13 ~~State Treasury funds.~~

14 ~~_____ (2) The Treasurer of State, as custodian of such funds, shall be guided~~
 15 ~~by these provisions in the handling and safeguarding of such funds, any other~~
 16 ~~law to the contrary notwithstanding.~~

17 ~~_____ (b) Nothing contained in ^{AA} 19-3-208 - 19-3-218 shall be so construed~~
 18 ~~as to require any bank in this state to act as a depository of State Treasury~~
 19 ~~funds. However, the acceptance of a deposit of State Treasury funds by any~~
 20 ~~bank shall carry with it the obligation of the bank to observe all of the~~
 21 ~~provisions of ^{AA} 19-3-208 - 19-3-218 which are applicable to bank~~
 22 ~~depositories.~~

23

24 ~~_____ ^A 19-3-208. Deposits in out-of-state banks.~~

25 ~~_____ (a) The Treasurer of State may not deposit any State Treasury funds in~~
 26 ~~banks located outside Arkansas unless deposits in out-of-state banks are~~
 27 ~~required to be made by other law or by resolution of a state board or~~
 28 ~~commission duly adopted pursuant to the authority and requirement of other~~
 29 ~~law.~~

30 ~~_____ (b) Nothing in this prohibition shall be applicable to funds set aside~~
 31 ~~in the State Treasury and immediately required by out-of-state paying agents~~
 32 ~~for the specific purpose of meeting the debt service requirements of the~~
 33 ~~direct general obligation bonds of the State of Arkansas outstanding at any~~
 34 ~~time.~~

35

36 ~~_____ ^A 19-3-209. Maximum amount of deposits.~~

1 ~~_____ The maximum amount of State Treasury funds which are held in time~~
 2 ~~deposit-open accounts and certificates of deposit of any bank depository shall~~
 3 ~~not exceed an amount equal to the total amount of the capital structure of~~
 4 ~~that depository.~~

5

6 ~~_____ § 19-3-210. Types of accounts for deposits.~~

7 ~~_____ (a) All State Treasury funds deposited in banks shall be credited to~~
 8 ~~accounts in the name of the Treasurer of State. All accounts which the~~
 9 ~~Treasurer of State shall establish in any or all depository banks may be~~
 10 ~~determined by the of Treasurer of State as either:~~

11 ~~_____ (1) A single account consisting of two (2) parts - a time deposit-open~~
 12 ~~account and a demand deposit account; or~~

13 ~~_____ (2) Two (2) accounts - a time deposit-open account and a demand deposit~~
 14 ~~account.~~

15 ~~_____ (b) For the purposes of §§ 19-3-207 - 19-3-218, the term "time~~
 16 ~~deposit-open account" shall not include bank certificates of deposit.~~

17 ~~_____ (c) The time deposit-open account in each such depository shall consist~~
 18 ~~of state funds only, and the demand deposit account shall consist of:~~

19 ~~_____ (1) All federal funds, as defined in § 19-6-101 et seq.;~~

20 ~~_____ (2) Trust funds to the extent that such funds are not invested in~~
 21 ~~securities and bank certificates of deposit; and~~

22 ~~_____ (3) State funds to the extent that such funds are not invested in~~
 23 ~~securities or are not on time deposit-open account in depository banks.~~

24 ~~_____ (d) No State Treasury funds may be deposited in any bank depository~~
 25 ~~except under the terms of a written agreement entered into between the~~
 26 ~~Treasurer of State and the bank depository, the essential elements of which~~
 27 ~~agreement shall be conformable to, or not inconsistent with, applicable state~~
 28 ~~and federal law and regulations promulgated thereunder.~~

29

30 ~~_____ § 19-3-211. Composition of deposit accounts.~~

31 ~~_____ (a) The time deposit-open account in each such depository shall consist~~
 32 ~~of state funds deposited therein and maintained therein during the term of the~~
 33 ~~agreement, or during any renewal term thereof, of an amount substantially~~
 34 ~~equal to that proportion of the amount of state time deposit-open accounts in~~
 35 ~~all bank depositories that the aggregate total amount of its capital structure~~
 36 ~~as defined in § 19-3-302 bears to the aggregate total amount of the capital~~

1 ~~structure as defined in § 19-3-302 of all such depositories.~~

2 ~~—— (b)(1) The demand deposit account in each such depository shall consist~~
 3 ~~of such amount of State Treasury funds as may equal, but not exceed, the~~
 4 ~~aggregate total amount of the capital stock and surplus of such depository,~~
 5 ~~less the amount of the state time deposit-open account in such depository. The~~
 6 ~~amount of the account, subject to the prescribed limitation, shall be~~
 7 ~~determined at the discretion of the Treasurer of State as to those bank~~
 8 ~~depositories whose services are used for the transaction of the day-to-day~~
 9 ~~business of the State Treasury.~~

10 ~~—— (2) Excepting such funds as are required to be maintained on demand~~
 11 ~~deposit in bank depositories whose services are used by the Treasurer of~~
 12 ~~State for the transaction of the day-to-day business of the State Treasury,~~
 13 ~~the funds which are available for placing on demand deposit in other~~
 14 ~~depositories shall be prorated by the Treasurer of State among such other~~
 15 ~~depositories in substantially the proportion that the amount of the capital~~
 16 ~~stock and surplus of each such depository bears to the amount of the capital~~
 17 ~~stock and surplus of all such depositories.~~

18

19 ~~—— § 19-3-212. Term of deposit - Interest.~~

20 ~~—— (a) Unless the State Board of Finance shall specify another period of~~
 21 ~~time, the term or renewal term of each such agreement to be entered into~~
 22 ~~between the Treasurer of State and each bank depository shall be the calendar~~
 23 ~~quarter-year.~~

24 ~~—— (b)(1)(A) Interest to be paid by all bank depositories on time~~
 25 ~~deposit-open accounts during each such term shall be at a rate fixed by the~~
 26 ~~board at a meeting duly called and held during the month, and on or before the~~
 27 ~~twentieth day thereof, next preceding the beginning date of such term.~~

28 ~~—— (B) Notice of the date and time of the holding of the meeting~~
 29 ~~shall be given by the secretary of the board with publication of a notice of~~
 30 ~~the meeting in a newspaper of statewide circulation not less than five (5)~~
 31 ~~days, nor more than fifteen (15) days, in advance of the meeting date.~~

32 ~~—— (2)(A) At each such meeting, any person desiring to be heard shall be~~
 33 ~~given the opportunity to express his views on any matter under consideration~~
 34 ~~by the board, including the matter of the fixing of the rate of interest to be~~
 35 ~~paid on time deposit-open accounts, as prescribed.~~

36 ~~—— (B) The board shall give due consideration to all such views,~~

1 ~~together with such other and additional views as may be expressed by its~~
 2 ~~members, which it deems to be relevant. Thereafter, at the meeting, the board~~
 3 ~~shall fix the rate of interest to be paid by bank depositories during the next~~
 4 ~~term and direct its secretary to certify the amount thereof to the Treasurer~~
 5 ~~of State.~~

6

7 ~~_____ § 19-3-213. Estimate of deposits not needed for operations.~~

8 ~~_____ (a) During the month preceding the beginning of each term of the~~
 9 ~~agreements to be entered into between the Treasurer of State and depository~~
 10 ~~banks, and not later than the twentieth day thereof, the Chief Fiscal Officer~~
 11 ~~of the State shall prepare and certify immediately to the Treasurer of State~~
 12 ~~an estimate of the aggregate total amount of the average daily balances of~~
 13 ~~state funds which will not be required during such term for the operation of~~
 14 ~~the state government and its several departments, agencies, and institutions;~~
 15 ~~for returns to local taxing units; and for the performance of such other~~
 16 ~~functions as are financed by state funds.~~

17 ~~_____ (b) Upon receipt of the estimate and certification required in~~
 18 ~~subsection (a) of this section, the Treasurer of State shall deduct from the~~
 19 ~~aggregate total amount so estimated by the Chief Fiscal Officer of the State~~
 20 ~~the total principal amount of securities then held in the Securities Account~~
 21 ~~in the State Treasury. The resultant remainder shall be the amount of state~~
 22 ~~funds which the Treasurer of State may place on time deposit-open accounts or~~
 23 ~~in certificates of deposit in depository banks during the next period, with~~
 24 ~~the agreements to provide for the payment of interest on such time~~
 25 ~~deposit-open accounts, at the rate fixed by the State Board of Finance as~~
 26 ~~provided in § 19-3-212.~~

27 ~~_____ (c) The Treasurer of State, acting ministerially, shall have the~~
 28 ~~authority to take such action and do such things as shall be necessary to~~
 29 ~~accomplish the expressed purposes and intent of this section.~~

30

31 ~~_____ § 19-3-214. Interest income on deposits.~~

32 ~~_____ (a) Interest from time to time due by each depository shall be paid and~~
 33 ~~transmitted on each due date to and in the manner authorized and prescribed by~~
 34 ~~the Treasurer of State.~~

35 ~~_____ (b) All such interest income shall be classified as trust fund income,~~
 36 ~~and the net amount thereof shall be credited to the Securities Reserve Fund.~~

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~~_____ § 19-3-215. List of deposits.~~

~~_____ (a) On or before the tenth day following the end of each calendar quarter-year, the Treasurer of State shall prepare a list of all depository banks and the amounts of State Treasury funds on time deposit and on demand deposit in each such depository on the last day of business of the quarter-year.~~

~~_____ (b) This list shall be maintained for public inspection at the Treasurer of State's office.~~

~~_____ § 19-3-216. Charges on deposits.~~

~~_____ (a) The Treasurer of State, acting ministerially, shall have the authority to enter into an agreement with any financial institution handling state funds to pay processing fees for handling such funds if it is deemed to be in the best interest of the State of Arkansas.~~

~~_____ (b) In the absence of such an agreement, no depository of State Treasury funds shall make any charge for the handling of funds, and any claim based upon any such charge or purported charge shall be void.~~

~~_____ § 19-3-217. Discontinuance as bank depository.~~

~~_____ (a) Any bank depository which shall make any charge for cashing, or which shall refuse to cash upon presentation, any state warrant of five hundred dollars (\$500) or less which is drawn on the Treasurer of State, or any bank check of five hundred dollars (\$500) or less which has been issued by a state agency when the check or warrant has been presented for payment within thirty (30) days of the date of issuance by the payee named therein, shall immediately be discontinued as a depository of State Treasury funds and, for a period of six (6) months thereafter, shall be ineligible for reinstatement as such a depository.~~

~~_____ (b) Nothing in this section shall be so construed as to deprive any such depository from taking such reasonable time as it may require to make proper identification of the persons and signatures of payees named in such warrants or checks, or to indemnify any such depository for any losses which it may sustain by reason of its cashing any of the warrants or checks for persons other than the payees named therein.~~

1 ~~§ 19-3-218. Effect of proper deposits.~~

2 ~~The deposit of State Treasury funds in accordance with the provisions of~~
 3 ~~§§ 19-3-207 - 19-3-217 shall relieve the Treasurer of State and the surety on~~
 4 ~~the Treasurer of State's bond of any and all liability for the loss of such~~
 5 ~~funds by reason of the default or insolvency of any bank depository of State~~
 6 ~~Treasury funds.~~

7

8 ~~§ 19-3-219. Investments in securities and bank certificates of deposit.~~

9 ~~(a) Trust Funds. (1)(A) In addition to securities of the character~~
 10 ~~eligible under the laws of this state for the investment of the several trust~~
 11 ~~funds on the records of the Treasurer of State, certificates of deposit of~~
 12 ~~banks located in the State of Arkansas shall be eligible for the investment of~~
 13 ~~such funds.~~

14 ~~(B) For the purposes of this subchapter, the term "certificates~~
 15 ~~of deposit" shall not include time deposit-open accounts.~~

16 ~~(2)(A) The administrators of each state retirement system and of other~~
 17 ~~trust accounts shall, from time to time, review the flow of moneys through the~~
 18 ~~trust fund in the State Treasury over which that administrator shall have~~
 19 ~~control, all for the purpose of estimating the amounts of such moneys as may~~
 20 ~~be surplus to the immediate requirements of such account as provided for by~~
 21 ~~law.~~

22 ~~(B)(i) After taking into consideration any proposal for the~~
 23 ~~immediate investment of such funds in securities, and to the extent of the~~
 24 ~~amount of any such estimated surplus which, in the opinion of the~~
 25 ~~administrator, shall exist for a period of more than thirty (30) days after~~
 26 ~~the date of the making of any such estimate, the administrator shall certify~~
 27 ~~to the Treasurer of State the amount thereof and the period of time during~~
 28 ~~which such amount shall not be required. The Treasurer of State shall invest~~
 29 ~~the amount so certified in certificates of deposit issued by banks located in~~
 30 ~~the State of Arkansas.~~

31 ~~(ii) Moneys required for each such purchase shall be withdrawn~~
 32 ~~from the Cash Account and paid over to the bank issuing the certificate, and~~
 33 ~~the certificate shall be deposited in the Trust Deposit Account.~~

34 ~~(iii) The certificates of deposit shall be secured to such extent~~
 35 ~~and in such manner as may be provided by law and otherwise as the Treasurer~~
 36 ~~of State shall require.~~

1 ~~_____ (iv)(a) Interest on such bank certificates of deposit shall be~~
2 ~~paid at such rates as the State Board of Finance shall prescribe.~~

3 ~~_____ (b) All interest income derived from the certificates of deposit~~
4 ~~shall be credited as trust fund income to the account of the trust fund used~~
5 ~~in making such purchase.~~

6 ~~_____ (3) At all times, the Securities Reserve Fund shall be maintained on~~
7 ~~demand deposit in depository banks, and nothing contained in this subsection~~
8 ~~shall be applicable to such fund.~~

9 ~~_____ (b) State Funds. (1)(A) The investment of state funds, as distinguished~~
10 ~~from federal funds and trust funds, shall be under the exclusive jurisdiction~~
11 ~~of the State Board of Finance. Such state funds may be invested only in direct~~
12 ~~obligations of, or obligations on which the timely payment of principal and~~
13 ~~interest is fully guaranteed by, any agency or instrumentality of the United~~
14 ~~States, in general obligations of the State of Arkansas, and in obligations of~~
15 ~~corporations organized under the provisions of the Arkansas Development~~
16 ~~Finance Corporation Act, § 15-4-901 et seq., and issued thereunder to the~~
17 ~~extent of forty million dollars (\$40,000,000).~~

18 ~~_____ (B) The board is authorized to invest such state funds in~~
19 ~~securities meeting the prescribed character qualifications to an extent such~~
20 ~~that not more than sixty-five percent (65%) of the average daily gross state~~
21 ~~fund balances for the twelve-month period immediately preceding the date set~~
22 ~~for each purchase of the obligations shall be represented at any one (1) time~~
23 ~~by the aggregate of the obligations so purchased and owned by the state.~~

24 ~~_____ (2)(A) Moneys required for each such purchase shall be withdrawn from~~
25 ~~the Cash Account and paid over to the seller of the obligations, and the~~
26 ~~obligations shall be deposited in the Securities Account.~~

27 ~~_____ (B) The proceeds of the sale or redemption of securities at any~~
28 ~~time withdrawn from the Securities Account shall be deposited in the Cash~~
29 ~~Account in the State Treasury.~~

30 ~~_____ (C) In all purchases, sales, and redemptions of securities, as~~
31 ~~provided in this subsection, discounts and premiums shall be credited or~~
32 ~~charged, as the case may be, to the Securities Reserve Fund. All such~~
33 ~~discounts and premiums which are increments and all interest received on~~
34 ~~securities at any time held in the Securities Account shall be classified as~~
35 ~~trust fund income and credited to the Securities Reserve Fund by the Treasurer~~
36 ~~of State.~~

1 ~~—— (3) All purchases and sales by the State Board of Finance of direct~~
2 ~~obligations of the United States of America shall be in the open market upon~~
3 ~~receipt of not less than two (2) quotation bids. However, the board may~~
4 ~~subscribe for any such obligations which are offered by the United States~~
5 ~~Treasury Department. Any such obligations at any time held by the board may be~~
6 ~~exchanged for other such obligations in instances where an exchange privilege~~
7 ~~has been extended by the United States Treasury Department.~~

8 ~~—— (4) All purchases and sales by the State Board of Finance of direct~~
9 ~~obligations of the State of Arkansas shall be by tender upon receipt of sealed~~
10 ~~bids pursuant to notice duly published by not less than one (1) insertion in~~
11 ~~one (1) or more newspapers of general circulation published in this state and~~
12 ~~in such other newspapers or financial publications as to the board may appear~~
13 ~~desirable. Such notice shall be published not more than ten (10) days nor less~~
14 ~~than five (5) days prior to the date fixed in the notice for the receipt of~~
15 ~~bids.~~

16 ~~—— (5) All obligations of any corporation organized under Arkansas~~
17 ~~Development Finance Corporation Act, § 15-4-901 et seq., purchased as~~
18 ~~authorized in this section shall bear a maturity date not to exceed ten (10)~~
19 ~~years and shall be purchased at par pursuant to an annual commitment to the~~
20 ~~corporation under such conditions as may be determined by the State Board of~~
21 ~~Finance. Prior to the purchase of any obligations by the corporation, there~~
22 ~~shall be furnished to the board, without cost to it, the opinion of legal~~
23 ~~counsel acceptable to the board approving the validity of the issue and~~
24 ~~reciting that, in the opinion of the counsel, the obligations to be purchased~~
25 ~~by the board are the duly authorized, legally binding obligations of the~~
26 ~~corporation and specifying the security therefor as to which any lien or~~
27 ~~pledge has been created.~~

28 ~~—— (6) All or any part of the bonds of local industrial development~~
29 ~~corporations, authorized and issued under the provisions of the Arkansas~~
30 ~~Industrial Development Act, § 15-4-101 et seq., and all or any part of the~~
31 ~~bonds of municipalities and counties, authorized and issued under the~~
32 ~~provisions of the Municipalities and Counties Industrial Development Revenue~~
33 ~~Bond Law, § 14-164-201 et seq., and all or any part of the obligations of~~
34 ~~development finance corporations authorized and issued under the provisions of~~
35 ~~the Arkansas Development Finance Corporation Act, § 15-4-901 et seq., at any~~
36 ~~time held in the Securities Account in the State Treasury, may be sold by the~~

1 ~~State Board of Finance at public sale or at private sale, as the board shall~~
 2 ~~determine. However, in any private sale, the sales price of the bonds or~~
 3 ~~obligations shall not be less than the amount paid therefor.~~

4 ~~_____ (7) Upon petition of the Treasurer of State and without delay, the~~
 5 ~~State Board of Finance shall sell such principal amount of securities in the~~
 6 ~~Securities Account as shall provide the requisite amount of cash for placing~~
 7 ~~on demand deposit in depository banks whenever such action becomes necessary~~
 8 ~~in order to correct any miscalculations which have arisen, either:~~

9 ~~_____ (A) As to the amount of funds required to be kept on demand~~
 10 ~~deposit so as to carry out the stated policy of this state with respect to the~~
 11 ~~noninvestment of federal funds; or~~

12 ~~_____ (B) In relation to the amount of funds available for placing on~~
 13 ~~time deposit-open account in depository banks.~~

14 ~~_____ (8) No purchase, exchange, or receipt of obligations by the State Board~~
 15 ~~of Finance shall ever be construed as a cancellation of the obligations so~~
 16 ~~purchased, exchanged, or received. All such obligations shall be held in trust~~
 17 ~~for the use and benefit of the various state funds used in such purchases,~~
 18 ~~this trust being subject only to the right of the board to sell or exchange~~
 19 ~~such obligations whenever, in its opinion, the best interest of the state may~~
 20 ~~be served.~~

21 ~~_____ (9)(A) The State Board of Finance shall meet at least once each month~~
 22 ~~to evaluate, discuss, review, and authorize the deposit and investment of~~
 23 ~~State Treasury funds to be made during the period before the next meeting of~~
 24 ~~the board.~~

25 ~~_____ (B) The deposit and investment of such funds and the purchase and~~
 26 ~~sale of permissible securities may be made at any time authorized and directed~~
 27 ~~by the board and shall be executed by the Treasurer of State and the Chief~~
 28 ~~Fiscal Officer of the State.~~

29 ~~_____ (c) Federal Funds. The State Board of Finance is authorized to invest~~
 30 ~~federal funds, as defined by [§] 19-6-101 et seq., the same as state funds are~~
 31 ~~authorized by subsection (b) of this section. The proceeds of such investments~~
 32 ~~shall be used for the same purpose as that authorized for other moneys~~
 33 ~~accruing to the benefit of the Securities Reserve Fund as authorized by [§]~~
 34 ~~19-3-222.~~

35
 36 ~~_____ [§] 19-3-220. Minimum balance to be maintained.~~

1 ~~Since it is the intent of the General Assembly of the State of Arkansas~~
 2 ~~that the Treasurer of the State of Arkansas have sufficient cash available at~~
 3 ~~all times to redeem any and all state warrants presented for payment, the~~
 4 ~~State Board of Finance is authorized and directed to immediately sell~~
 5 ~~securities in the manner prescribed in § 19-3-219(b) whenever the cash balance~~
 6 ~~maintained on demand deposit in bank depositories falls below two million~~
 7 ~~dollars (\$2,000,000) excluding trust funds.~~

8

9 ~~§ 19-3-221. Refund to expenditure.~~

10 ~~All moneys received in the State Treasury derived from the principal~~
 11 ~~amounts from the sale of securities are to be classified and handled on the~~
 12 ~~books of the State Treasury as a refund to expenditure.~~

13

14 ~~§ 19-3-222. Securities Reserve Fund.~~

15 ~~(a)(1) In addition to the several purposes for which the Securities~~
 16 ~~Reserve Fund may be used, as provided in this subchapter, the fund shall be~~
 17 ~~used to absorb any losses in:~~

18 ~~(A) Relation to securities at any time held in the Securities~~
 19 ~~Account in the State Treasury; and~~

20 ~~(B) The State Treasurer's account in bank depositories;~~

21 ~~(2) The balance in that fund shall always be available for such~~
 22 ~~purposes. However, moneys in this fund in excess of one hundred thousand~~
 23 ~~dollars (\$100,000) shall, at all times, be available to the Chief Fiscal~~
 24 ~~Officer of the State for transfer to the Budget Stabilization Trust Fund,~~
 25 ~~there to be used as provided by law.~~

26 ~~(b) In the event any loss shall be sustained in relation to securities~~
 27 ~~held at any time in the Securities Account or in the Treasurer of State's~~
 28 ~~account in any bank depository, and the credit balance in the Securities~~
 29 ~~Reserve Fund shall be insufficient to absorb the loss, the Chief Fiscal~~
 30 ~~Officer of the State shall cause a transfer of moneys to be made from the~~
 31 ~~Budget Stabilization Trust Fund to the Securities Reserve Fund of such amount~~
 32 ~~as shall, when added to the credit balance in the Securities Reserve Fund,~~
 33 ~~equal the amount of any loss, it being the explicit intention of the General~~
 34 ~~Assembly in the enactment of this provision that no loss shall be sustained by~~
 35 ~~any account, the funds of which were used in making such investments and~~
 36 ~~deposits.~~

1 ~~_____ (c) On a quarterly basis, interest earned on federal funds received~~
 2 ~~under the State and Local Fiscal Assistance Act of 1972 shall be transferred~~
 3 ~~at the direction of the Chief Fiscal Officer of the State from the Securities~~
 4 ~~Reserve Fund to the federal funds established for the purpose of holding these~~
 5 ~~moneys in trust. Interest to be transferred shall be a pro rata share of total~~
 6 ~~earned interest based on the proportion of the average daily balances of the~~
 7 ~~total federal funds established for the purpose of holding the State and Local~~
 8 ~~Fiscal Assistance Act moneys in trust to the average daily balances of all~~
 9 ~~State Treasury investments.~~

10

11 ~~_____ § 19-3-223. Servicing state debt.~~

12 ~~_____ (a) Unless otherwise specifically provided for by law, the Secretary of~~
 13 ~~the State Board of Finance shall be the disbursing officer of appropriations~~
 14 ~~made for meeting the debt service requirements of the direct general~~
 15 ~~obligation bonds of this state at any time outstanding.~~

16 ~~_____ (b) The term "debt service requirements," as used in this section,~~
 17 ~~means the maturing principal of, interest on, and paying agents' fees in~~
 18 ~~connection with the payment of the bonds. The Secretary of the State Board of~~
 19 ~~Finance shall, without fail, cause notice of the call to be published not less~~
 20 ~~than thirty (30) days before the first date upon which such bonds may be~~
 21 ~~called, with publication to be by one (1) insertion in a newspaper published~~
 22 ~~in each of the cities of Little Rock, Arkansas; St. Louis, Missouri; and in a~~
 23 ~~financial newspaper published in the Borough of Manhattan, City of New York,~~
 24 ~~State of New York.~~

25

26 ~~_____ § 19-3-301. Purpose.~~

27 ~~_____ It is the purpose of this subchapter to:~~

28 ~~_____ (1) Provide for the equitable allocation of the long-term investment of~~
 29 ~~State Treasury funds between banks and savings and loan associations located~~
 30 ~~in the State of Arkansas; and~~

31 ~~_____ (2) Prefer such in-state investment of State Treasury funds over~~
 32 ~~out-of-state investments, where the interest return to the state is equal, in~~
 33 ~~order to create a broader credit, investment, and economic base for the~~
 34 ~~benefit of the citizens of the State of Arkansas.~~

35

36 ~~_____ § 19-3-302. Definitions.~~

1 ~~As used in this subchapter, unless the context otherwise requires:~~

2 ~~(1) "Bank" means a bank chartered under the banking laws of this state~~
 3 ~~or of the United States, with its principal place of business located within~~
 4 ~~the State of Arkansas, whose accounts are insured to the maximum amount~~
 5 ~~authorized by law by the Federal Deposit Insurance Corporation, or similar~~
 6 ~~agency of the United States;~~

7 ~~(2) "Savings and loan association" means either a stock or mutual~~
 8 ~~savings and loan association or building and loan association authorized by~~
 9 ~~federal or state statute or charter to carry on the business of a savings and~~
 10 ~~loan association, with its principal place of business located within the~~
 11 ~~State of Arkansas, whose accounts are insured to the maximum amount authorized~~
 12 ~~by law by the Federal Savings and Loan Insurance Corporation, or similar~~
 13 ~~agency of the United States;~~ ~~(3) "State funds," "federal funds,"~~
 14 ~~"trust funds," or "State Treasury funds" shall have in this subchapter the~~
 15 ~~same meaning as used in subchapter 2 of this chapter;~~

16 ~~(4) "Long-term investment" means the deposit or investment of State~~
 17 ~~Treasury funds for a term of one hundred eighty (180) days or longer; and~~

18 ~~(5) "Capital structure" means:~~

19 ~~(A) For a bank, the sum of its fully paid capital stock, paid-in~~
 20 ~~and earned surplus, undivided profits, and all reserve and capital accounts~~
 21 ~~included in its unimpaired surplus fund for determining the lending and~~
 22 ~~borrowing limit of such bank excluding, however, the proceeds of capital~~
 23 ~~notes, debentures, or similar obligations;~~

24 ~~(B) For a stock or mutual savings and loan association, the sum~~
 25 ~~of all undivided profits, surplus, and capital stock and all reserve accounts~~
 26 ~~except specific or valuation reserves, not including the proceeds of capital~~
 27 ~~notes, debentures, or similar obligations.~~

28

29 ~~§ 19-3-303. Applicability of State Treasury Management Law.~~

30 ~~All provisions of subchapter 2 of this chapter shall apply to the~~
 31 ~~investment of long-term State Treasury funds in banks and savings and loan~~
 32 ~~associations pursuant to the provisions of this subchapter, except as shall be~~
 33 ~~inconsistent with this subchapter.~~

34

35 ~~§ 19-3-304. Eligibility of savings and loan associations.~~

36 ~~(a) Subject to the conditions and limitations set out in this~~

1 ~~subchapter, savings and loan associations are declared eligible to receive the~~
 2 ~~deposit and investment of State Treasury funds. The Treasurer of State, as~~
 3 ~~custodian of these funds, shall be guided by the provisions contained in this~~
 4 ~~subchapter in the handling and safeguarding of these funds, any other law to~~
 5 ~~the contrary notwithstanding.~~

6 ~~—— (b) Subchapter 2 of this chapter shall be deemed amended by this~~
 7 ~~subchapter in all respects necessary to authorize the deposit and investment~~
 8 ~~of State Treasury funds in banks and savings and loan associations as provided~~
 9 ~~in this subchapter. All practices, procedures, and requirements of the State~~
 10 ~~Board of Finance pursuant to subchapter 2 shall apply to deposits and~~
 11 ~~investments under this subchapter except as inconsistent with the provisions~~
 12 ~~of this subchapter. These practices, procedures, and requirements shall be~~
 13 ~~consistent with federal laws and regulations applicable to banks and savings~~
 14 ~~and loan associations.~~

15 ~~—— (c) The deposit and investment of State Treasury funds in accordance~~
 16 ~~with the provisions of subchapter 2 and this subchapter shall relieve the~~
 17 ~~Treasurer of State, and the surety on the Treasurer of State's bond, of any~~
 18 ~~and all liability for the loss of the funds by reason of the default or~~
 19 ~~insolvency of any bank or savings and loan association.~~

20

21 ~~—— § 19-3-305. Deposit of funds.~~

22 ~~—— All state, trust, and federal funds which shall be available for deposit~~
 23 ~~in time deposit-open accounts, under §§ 19-3-207 - 19-3-218 and which the~~
 24 ~~State Board of Finance shall, from time to time, decide in its discretion to~~
 25 ~~invest for a term of one hundred eighty (180) days or longer, shall be~~
 26 ~~deposited pro rata as provided in § 19-3-308 in time deposit-open accounts in~~
 27 ~~banks and in savings and loan associations.~~

28

29 ~~—— § 19-3-306. Short-term deposits.~~

30 ~~—— Nothing contained in this subchapter shall be construed as limiting~~
 31 ~~investments in banks having a term of less than one hundred eighty (180) days.~~

32

33 ~~—— § 19-3-307. Permissible investments.~~

34 ~~—— (a)(1) All state, trust, and federal funds which shall be available for~~
 35 ~~investment under § 19-3-219 shall be invested in certificates of deposit of~~
 36 ~~banks and also, where the investment is for a term of one hundred eighty (180)~~

1 ~~days or longer, in certificates of deposit of savings and loan associations as~~
 2 ~~provided in subsection (b) of this section, in direct general obligations of~~
 3 ~~the State of Arkansas, and in obligations of corporations organized under the~~
 4 ~~provisions of the Arkansas Development Finance Corporation Act, [§] 15-4-901 et~~
 5 ~~seq., and as issued thereunder to the extent of twenty million dollars~~
 6 ~~(\$20,000,000).~~

7 ~~—— (2) The State Board of Finance, to the extent reasonably required for~~
 8 ~~liquidity, may purchase in the open market, upon receipt of not less than two~~
 9 ~~(2) quotation bids, direct obligations of, or obligations on which the timely~~
 10 ~~payment of principal and interest is fully guaranteed by, any agency or~~
 11 ~~instrumentality of the United States subject, however, to a repurchase~~
 12 ~~agreement under which the seller of the securities shall pay a fixed rate of~~
 13 ~~interest and shall repurchase the securities at the price paid at a fixed~~
 14 ~~time.~~

15 ~~—— (3) Moneys required for each such purchase shall be withdrawn from the~~
 16 ~~Cash Account and paid over to the seller of the obligations and the~~
 17 ~~obligations shall be deposited in the Securities Account.~~

18 ~~—— (b) Funds which the board shall, from time to time, decide in its~~
 19 ~~discretion to invest for a term of one hundred eighty (180) days or longer and~~
 20 ~~which shall be subject to investment in certificates of deposit of banks and~~
 21 ~~savings and loan associations pursuant to subsection (a) of this section shall~~
 22 ~~be prorated between banks and savings and loan associations as provided in [§]~~
 23 ~~19-3-308.~~

24
 25 ~~—— [§] 19-3-308. Proration between banks and savings and loan associations.~~

26 ~~—— (a) The deposit and investment of funds pursuant to ^{§§} 19-3-305 and~~
 27 ~~19-3-307(b) shall be prorated between banks as a group and savings and loan~~
 28 ~~associations as a group in the proportion of the aggregate capital structure~~
 29 ~~of all banks compared to the aggregate capital structure of all savings and~~
 30 ~~loan associations, with such proportion to be determined semiannually by the~~
 31 ~~State Board of Finance. The long-term investment funds so allocated for~~
 32 ~~investment in banks as a group and savings and loan associations as a group~~
 33 ~~shall be prorated on the basis of their capital structure among the individual~~
 34 ~~participating banks and savings and loan associations, respectively, provided~~
 35 ~~that the board may promulgate regulations to give first preference for deposit~~
 36 ~~of state funds to banks which have a seventy percent (70%) ratio of loans,~~

~~1 bonds issued by the State of Arkansas or its political subdivisions, and
 2 Arkansas corporate bonds to deposits and in savings and loan associations
 3 which have an eighty-five percent (85%) ratio of loans to deposits. However,
 4 the amount of State Treasury funds which may be deposited in time deposit open
 5 accounts or certificates of deposit of a bank or savings and loan association
 6 shall not exceed the amount of the capital structure of that bank or savings
 7 and loan association.~~

~~8 (b) In the event that the savings and loan associations as a group do
 9 not accept for investment all of the pro rata part of these long-term
 10 investment funds, then the unsubscribed funds shall be offered pro rata for
 11 investment to banks. Conversely, if banks as a group do not accept for
 12 investment all of their pro rata part of the long-term investment funds, then
 13 the unsubscribed funds shall be offered pro rata for investments to savings
 14 and loan associations.~~

~~15 (c) To the extent that the long-term investment funds cannot be placed
 16 with either banks or savings and loan associations, these funds may be
 17 invested as otherwise authorized by subchapter 2 of this chapter.~~

18

~~19 § 19-3-309. Interest.~~

~~20 (a) Interest on funds invested under §§ 19-3-305 and 19-3-307 shall be
 21 paid by banks and savings and loan associations at such rates as the State
 22 Board of Finance shall, from time to time, prescribe. However, these rates
 23 shall not exceed the maximum rate that banks are permitted to pay on time
 24 certificates of deposit for the same period of time by regulations of the
 25 Federal Reserve System or the Federal Deposit Insurance Corporation.~~

~~26 (b) The same interest rate shall be payable by banks and savings and
 27 loan associations.~~

28 (b) All other laws and parts of laws in conflict with this act are
 29 hereby repealed.

30

31 SECTION 5. Emergency Clause.

32 It is hereby found and determined by the General Assembly that the
 33 Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 becomes
 34 effective on June 1, 1997 and that this act should become effective prior to
 35 the effective date of the Riegle-Neal Interstate Banking and Branching
 36 Efficiency Act of 1994. Also, Act 89 of 1997 enabling the Arkansas Banking

1 Code and the companion bill, Senate Bill 359 amending the Arkansas Banking
2 Code to opt in interstate branching go into effect May 31, 1997. Therefore,
3 an emergency is declared to exist and this act being immediately necessary for
4 the preservation of the public peace, health, and safety shall be in full
5 force and effect from and after May 31, 1997.

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