

HCS HB 1879 -- PUBLIC ENTITY FINANCES (Fraker)

COMMITTEE OF ORIGIN: Standing Committee on Financial Institutions

This bill modifies several provisions relating to financial transactions by public entities.

SECURITY-COLLATERAL LIST

Currently, the State Treasurer and the Treasurer of the City of St. Louis are limited in the securities they may require as collateral from banks or financial institutions selected and approved for the safekeeping and payment of deposits. With regard to out-of-state municipal bonds, it must be determined that the bonds are rated in the highest category by at least one nationally recognized statistical rating agency to be qualified as collateral. This bill changes that standard to require the bonds to be rated "investment grade" by at least one such agency (Sections 30.270 and 95.530, RSMo).

The bill also adds brokered or negotiable certificates of deposit that are fully insured by the FDIC to the collateral list.

INVESTMENT OF PUBLIC FUNDS

Currently, any public entity or political subdivision may invest public funds if, among other things, on the same date that the public funds are deposited the financial institution also receives an amount of deposits from other financial institutions equal to the amount of the public funds deposited. This bill repeals this requirement (Section 67.085).

DEPOSITARIES FOR PUBLIC FUNDS

Currently, restrictions are provided on the security of the public funds of specific political subdivisions. This bill stipulates that the requirements apply to all political subdivisions of the state. Furthermore, the bill also allows banks serving as a depository for public funds to invest in the same manner as the State Treasurer is constitutionally permitted (Sections 110.010 and 110.070).

The bill provides that all public governing boards that have the management, use, or custody of any public funds on or before the first Monday in July in the year in which a bid is requested are required to receive sealed proposals from authorized banks in any political subdivision in which the public institution is located.

CERTIFIED CHECK REQUIREMENTS

Currently, certain bids made by banks, associations, or trust companies are required to be accompanied by a certified check. This bill repeals those requirements (Sections 110.080, 110.140, 165.221, 165.231, and 165.271).

This bill is similar to SB 769 (2018).