

House Bill No. 871

An act relating to deposit of public funds; amending s. 17.57, F.S.; providing additional authorization for the Chief Financial Officer to deposit state funds; amending s. 218.415, F.S.; providing additional authorization for units of local government to deposit surplus local government funds; amending s. 280.03, F.S.; exempting certain public deposits from the security for public deposits requirements of chapter 280, F.S.; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (7) is added to section 17.57, Florida Statutes, to read:

17.57 Deposits and investments of state money.—

(7) In addition to the deposits authorized under this section and notwithstanding any other provisions of law, funds that are not needed to meet the disbursement needs of the state may be deposited by the Chief Financial Officer in accordance with the following conditions:

(a) The funds are initially deposited in a qualified public depository, as defined in s. 280.02, selected by the Chief Financial Officer.

(b) The selected depository arranges for the deposit of the funds in certificates of deposit in one or more federally insured banks or savings and loan associations, wherever located, for the account of the state.

(c) The full amount of principal and accrued interest of each such certificate of deposit is insured by the Federal Deposit Insurance Corporation.

(d) The selected depository acts as custodian for the state with respect to such certificates of deposit issued for its account.

(e) At the same time the state's funds are deposited and the certificates of deposit are issued, the selected depository receives an amount of deposits from customers of other federally insured financial institutions, wherever located, equal to or greater than the amount of the funds initially invested by the Chief Financial Officer through the selected depository.

Section 2. Subsection (23) is added to section 218.415, Florida Statutes, to read:

218.415 Local government investment policies.—Investment activity by a unit of local government must be consistent with a written investment plan adopted by the governing body, or in the absence of the existence of a governing body, the respective principal officer of the unit of local government and maintained by the unit of local government or, in the alternative, such activity must be conducted in accordance with subsection (17). Any such unit of local government shall have an investment policy for any public

funds in excess of the amounts needed to meet current expenses as provided in subsections (1)-(16), or shall meet the alternative investment guidelines contained in subsection (17). Such policies shall be structured to place the highest priority on the safety of principal and liquidity of funds. The optimization of investment returns shall be secondary to the requirements for safety and liquidity. Each unit of local government shall adopt policies that are commensurate with the nature and size of the public funds within its custody.

(23) AUTHORIZED DEPOSITS.—In addition to the investments authorized for local governments in subsections (16) and (17) and notwithstanding any other provisions of law, a unit of local government may deposit any portion of surplus public funds in its control or possession in accordance with the following conditions:

(a) The funds are initially deposited in a qualified public depository, as defined in s. 280.02, selected by the unit of local government.

(b) The selected depository arranges for the deposit of the funds in certificates of deposit in one or more federally insured banks or savings and loan associations, wherever located, for the account of the unit of local government.

(c) The full amount of principal and accrued interest of each such certificate of deposit is insured by the Federal Deposit Insurance Corporation.

(d) The selected depository acts as custodian for the unit of local government with respect to such certificates of deposit issued for its account.

(e) At the same time the unit of local government's funds are deposited and the certificates of deposit are issued, the selected depository receives an amount of deposits from customers of other federally insured financial institutions, wherever located, equal to or greater than the amount of the funds initially invested by the unit of local government through the selected depository.

Section 3. Subsection (3) of section 280.03, Florida Statutes, is amended to read:

280.03 Public deposits to be secured; prohibitions; exemptions.—

(3) The following are exempt from the requirements of, and protection under, this chapter:

(a) Public deposits deposited in a bank or savings association by a trust department or trust company which are fully secured under trust business laws.

(b) Moneys of the System Trust Fund, as defined in s. 121.021(36).

(c) Public deposits held outside the country.

(d) Wire transfers and transfers of funds solely for the purpose of paying registrars and paying agents.

(e) Public deposits which are fully secured under federal regulations.

(f) Public deposits made in accordance with s. 17.57(7) or s. 218.415(23).

Section 4. This act shall take effect July 1, 2005.

Approved by the Governor June 1, 2005.

Filed in Office Secretary of State June 1, 2005.