

CHAPTER 132.

[Senate Bill No. 89.]

PUBLIC FUNDS—DEPOSITARIES—COLLATERAL SECURITY REQUIREMENTS.

AN ACT relating to state and local government; making uniform the collateral security requirements for depositaries of all public funds; amending section 43.85.030, chapter 8, Laws of 1965 and RCW 43.85.030; amending section 43.85.150, chapter 8, Laws of 1965 and RCW 43.85.150; amending section 36.48.020, chapter 4, Laws of 1963 and RCW 36.48.020; amending section 36.48.100, chapter 4, Laws of 1963 and RCW 36.48.100; amending section 35.38.020, chapter 7, Laws of 1965 and RCW 35.38.020; and amending section 35.38.040, chapter 7, Laws of 1965 and RCW 35.38.040.

Be it enacted by the Legislature of the State of Washington:

RCW 43.85.030 amended.

Section 1. Section 43.85.030, chapter 8, Laws of 1965 and RCW 43.85.030 are each amended to read as follows:

Public funds—
Depositaries—
Collateral
security re-
quirement.
State depos-
itaries.

Every state depository, before it shall be entitled to receive any state moneys, shall deposit with the state treasurer securities hereinafter enumerated as collateral and pledge for payment on demand or at a specified future date, to him or his order, free of exchange, at any place designated by him, of all such moneys deposited with it and of interest thereon at the rate fixed by the state finance committee, if there has been no default in the payment of principal or interest thereon:

(1) Bonds, notes, or other securities constituting direct and general obligations of the United States or the bonds, notes, or other securities constituting the direct and general obligation of any instrumentality of the United States, the interest and principal of which is unconditionally guaranteed by the United States;

(2) (a) Direct and general obligation bonds and warrants of the state of Washington or of any other state of the United States;

(b) Revenue bonds of this state or any authority, board, commission, committee, or similar agency thereof;

(3) Direct and general obligation bonds and warrants of any city, town, county, school district, port district, or other political subdivision of the state, having the power to levy general taxes, which are payable from general ad valorem taxes;

(4) Bonds issued by public utility districts as authorized under the provisions of Title 54, as now or hereafter amended;

(5) Bonds of any city of the state of Washington for the payment of which the entire revenues of the city's water system, power and light system, or both, less maintenance and operating costs, are irrevocably pledged, even though such bonds are not general obligations of such city: *Provided*, That the state finance committee need not approve for deposit any collateral described in this subsection if in its judgment it is not desirable so to do.

(6) In addition to the foregoing, every state depository may also deposit with the state treasurer such bonds, securities and other obligations as are designated to be authorized security for all public deposits pursuant to: RCW 35.58.510, 35.81.110, 35.82.220, 39.60.030, 39.60.040 and 54.24.120, as now or hereafter amended.

The state finance committee in lieu of collateral, may accept from any depository a good and sufficient bond of a surety company authorized to do business in the state, to be approved by the committee as security and pledge for the payment on demand or at a specified future date to the state treasurer or his order, free of exchange, at any place in this state designated by the treasurer, of all such moneys deposited with it, and of interest thereon at the rate fixed by the state finance committee, which

Public funds—
 Depositories—
 Collateral
 security re-
 quirement.
 State depos-
 itaries.

bond shall be at least equal to the amount of the moneys to be received by the depository.

The finance committee may require the state auditor or the supervisor of banking to thoroughly investigate and report to it concerning the condition of any bank which makes application to become a state depository, and may also as often as it deems necessary require such investigation and report concerning the condition of any bank which has been designated as such depository, the expense of the investigation to be borne by the depository examined.

RCW 43.85.150
 amended.

Sec. 2. Section 43.85.150, chapter 8, Laws of 1965 and RCW 43.85.150 are each amended to read as follows:

State deposi-
 taries—Collat-
 eral.

Every depository so selected shall file with the state treasurer a good and sufficient bond or collateral securities, authorized by RCW 43.85.030, as now or hereafter amended, to be approved by the committee as a security and pledge for the payment on demand of the commissioner of public lands, or his order or his successors, free of exchange, at any place in this state designated by the commissioner, of all such moneys so deposited by him, and the interest thereon at the rate fixed by the state finance committee. Such bond or securities shall be at least equal to the amount of the moneys to be received by the depository, and shall, before any deposit by the commissioner of public lands, be approved by the committee. The depository may be examined from time to time as provided in relation to state depositories.

RCW 36.48.020
 amended.

Sec. 3. Section 36.48.020, chapter 4, Laws of 1963 and RCW 36.48.020 are each amended to read as follows:

County deposi-
 taries.

Before any such designation shall become effectual and entitle the treasurer to make deposits in

such bank, the bank designated shall, within ten days after the designation has been filed, file with the county clerk of the county a surety bond to the county treasurer, properly executed by some reliable surety company qualified under the laws of the state to do business therein, in the maximum amount of deposits designated by the treasurer to be carried in the bank, conditioned for the prompt and faithful payment thereof on checks drawn by the treasurer.

County depositaries—Surety bond—Collateral insurance—Federal deposit insurance.

The bond must be approved by the chairman of the board of county commissioners, the prosecuting attorney, and the county treasurer, or any two of such officers, before being filed with the county clerk, and unless so approved, it shall not be received or filed by the county clerk.

The depositary may deposit with the county treasurer in lieu of the surety bond, any of the following enumerated securities if there has been no default in the payment of principal or interest thereon, the aggregate market value of which shall not be less than one hundred and ten percent of the amount of the funds deposited by the treasurer:

(1) Bonds, notes or other securities constituting the direct and general obligations of the United States or the bonds, notes, or other securities constituting the direct and general obligations of any instrumentality of the United States, the interest and principal of which is unconditionally guaranteed by the United States;

(2) (a) Direct and general obligation bonds and warrants of the state of Washington, or of any other state of the United States;

(b) Revenue bonds of this state or any authority, board, commission, committee, or similar agency thereof;

(3) Direct and general obligation bonds and warrants of any city, town, county, school district,

County depositaries—Surety bond—Collateral insurance—Federal deposit insurance.

port district, or other political subdivision in the state, having the power to levy general taxes;

(4) Bonds issued by public utility districts as authorized under the provisions of Title 54 RCW as now or hereafter amended;

(5) Bonds of any city of the state of Washington for the payment of which the entire revenue of the city's water system, power and light system, or both, less maintenance and operating costs, are irrevocably pledged, even though such bonds are not general obligations of such city: *Provided*, That said treasurer need not accept for deposit any collateral described in this subsection if in his judgment it is not desirable so to do;

(6) In addition to the foregoing, every county depositary may also deposit with the county treasurer such bonds, securities and other obligations as are designated to be authorized security for all public deposits pursuant to: RCW 35.58.510, 35.81.110, 35.82.220, 39.60.030, 39.60.040 and 54.24.120 as now or hereafter amended.

In counties where the combined banking capital and surplus of all of the banks in the county is insufficient to carry the county funds the provision of this section with reference to the limit of the amount to be deposited in any one depositary may be waived by the county finance committee.

In the event repayment of deposits in any such depositary is insured by the Federal Deposit Insurance Corporation, or by any other corporation, agency, or instrumentality organized and acting under and pursuant to the laws of the United States, the execution and filing of a bond with the treasurer shall be required only for so much of the designated maximum amount of deposits as such designated maximum amount of deposits exceeds the amount of such insurance, and if the depositary elects to deposit securities in lieu of the bond, it shall be required

to deposit securities only to the amount necessary to secure the excess of the moneys on deposit with it over the amount covered by such insurance.

Sec. 4. Section 36.48.100, chapter 4, Laws of 1963 and RCW 36.48.100 are each amended to read as follows:

RCW 36.48.100 amended.

Upon depositing any public or trust funds the clerk shall demand and the depository bank shall furnish to the clerk, a surety bond, to be approved by the clerk and the prosecuting attorney of said county, in a sufficient amount to equal the maximum deposit of the clerk with such depository, conditioned for the prompt and faithful payment of said deposits upon demand, said surety bond shall not be canceled during the time for which it has been written by the surety company: *Provided*, That the depository may deposit with the county clerk in lieu of the surety bond herein provided for, securities authorized by RCW 36.48.020, as now or hereafter amended, to be approved by said county clerk and the prosecuting attorney of said county, of a market value in an amount not less than the amount of the maximum funds deposited: *Provided further*, That all depositories which have qualified for insured deposits under the Federal Deposit Insurance Act (12 United States Code Annotated page 264) or any acts amendatory, supplemental, or substituted therefor, shall not be required to furnish bonds or securities, except for so much of said fund deposited not insured under the Federal Deposit Insurance Act.

County clerks' funds depositories—Bond or collateral.

Sec. 5. Section 35.38.020, chapter 7, Laws of 1965 and RCW 35.38.020 are each amended to read as follows:

RCW 35.38.020 amended.

Before any such designation shall become effectual and entitle the treasurer to make deposits in such bank or banks, the bank or banks so designated shall, within ten days after the same is filed with the comptroller, file with the city comptroller a con-

Public funds—
 Depositories—
 Cities of 75,000
 or more popu-
 lation.

tract with the city wherein the bank agrees to pay such rate of interest on the cash daily balance of all municipal funds kept by such treasurer in said bank, while acting as such depository, as shall be fixed from time to time by the city finance committee; such payments to be made monthly to the city while said deposit continues in such depository. The contract shall run to the city and be in such form as shall be approved by the mayor or corporation counsel.

Such bank shall also file with the comptroller of such city a surety bond or bonds to the city in the amount of the deposits of such city that may be carried in the designated bank, conditioned for the prompt payment thereof on checks duly drawn by the said treasurer; or in lieu thereof shall deposit with the comptroller any of the following enumerated securities, if there has been no default in the payment of principal or interest thereon, the aggregate market value of which shall at all times be not less than one hundred and ten percent of the amount of the funds deposited by said treasurer:

(1) Bonds, notes or other securities constituting the direct and general obligations of the United States or the bonds, notes or other securities constituting the direct and general obligation of any instrumentality of the United States, the interest and principal of which is unconditionally guaranteed by the United States;

(2) (a) Direct and general obligation bonds and warrants of the state of Washington, or of any other state of the United States;

(b) Revenue bonds of this state or any authority, board, commission, committee, or similar agency thereof;

(3) Direct and general obligation bonds and warrants of any city, town, county, school district, port district or other political subdivision in the

state of Washington, having the power to levy general taxes, which are payable from general ad valorem taxes;

(4) Bonds issued by public utility districts as authorized under the provisions of Title 54 RCW as now or hereafter amended;

(5) Bonds of any city of the state of Washington for the payment of which the entire revenues of the city's water system, power and light system, or both, less maintenance and operating costs, are irrevocably pledged, even though such bonds are not general obligations of such city: *Provided*, That said comptroller need not accept for deposit any collateral described in this subdivision if in his judgment it is not desirable so to do;

(6) In addition to the foregoing, every city depository may also deposit with the city comptroller such bonds, securities and other obligations as are designated to be authorized security for all public deposits pursuant to: RCW 35.58.510, 35.81.110, 35.82.220, 39.60.030, 39.60.040 and 54.24.120 as now or hereafter amended.

Sec. 6. Section 35.38.040, chapter 7, Laws of 1965 and RCW 35.38.040 are each amended to read as follows:

Before any such designation shall entitle the treasurer to make deposits in such bank or banks, the bank or banks so designated shall, within ten days after the same is filed with the city or town clerk, file with the city or town clerk a surety bond to the city or town in the maximum amount of deposits designated by the treasurer to be carried in the designated bank, conditioned for the prompt payment thereof on checks duly drawn by the treasurer, which surety bond shall be approved by the mayor and city or town clerk.

In lieu of a surety bond the bank or banks shall deposit with the city or town treasurer, subject to

RCW 35.38.040
amended.

Public funds—
Depositaries—
Cities or towns
of less than
75,000 popula-
tion—Bond or
collateral.

Public funds—
 Depositories—
 Cities or towns
 of less than
 75,000 popula-
 tion—Bond or
 collateral.

approval by the mayor and city or town clerk, any securities authorized by RCW 35.38.020 as now or hereafter amended, if there has been no default in the payment of principal or interest thereon, the aggregate market value of which shall at all times be not less than one hundred and ten percent of the amount of funds deposited by the treasurer.

Such bank or banks shall also at the same time file with the city or town clerk a contract with the city or town wherein the bank agrees to pay such rate of interest on the average daily balances, where such balances exceed one thousand dollars, of all municipal funds kept by the treasurer in the bank while acting as such depository as shall be fixed from time to time by the city finance committee; such payments to be made monthly to the city or town while said deposits continue in such depository. The contract shall run to the city or town and be in such form as shall be approved by the treasurer, mayor and city or town attorney.

In the event repayment of deposits in any such depository is insured by the Federal Deposit Insurance Corporation, or by any other corporation, agency or instrumentality organized and acting under and pursuant to the laws of the United States, the execution and filing of a bond with the city or town treasurer shall be required only for so much of the designated maximum amount of deposits as such designated maximum amount exceeds the amount of such insurance, and if the depository elects to deposit securities in lieu of a bond, it shall be required to deposit securities only to the amount necessary to secure the excess of the moneys on deposit with it over the amount covered by such insurance.

Passed the Senate February 22, 1967.

Passed the House March 8, 1967.

Approved by the Governor March 21, 1967.