

lars or more than nine thousand dollars.

Passed the House April 16, 1969.
Passed the Senate April 11, 1969.
Approved by the Governor April 24, 1969, with the exception of
an item in subsection (1) which is vetoed.
Filed in office of Secretary of State April 28, 1969.

NOTE: Governor's explanation of partial veto is as follows:
"...This bill raises the range of salaries for
part time justices of the peace in the state.

Subsection (1) provides that the annual salaries of part time justices of the peace shall be set by the county commissioners in each county in accordance with the minimum and maximum salaries provided for in the bill except that "special salary adjustments as determined in accordance with subsection (2) of this section shall be added thereto...." In the Senate, the bill was amended to eliminate subsection (2).

I have therefore vetoed this reference.

The remainder of House Bill No. 341 is approved.

CHAPTER 193
[Engrossed House Bill No. 356]
PUBLIC FUNDS--
DEPOSIT AND INVESTMENT

AN ACT Relating to the deposit and investment of public funds; amending section 43.85.010, chapter 8, Laws of 1965 and RCW 43.85-.010; amending section 43.85.030, chapter 8, Laws of 1965, as amended by section 1, chapter 132, Laws of 1967 and RCW 43.85-.030; amending section 43.85.040, chapter 8, Laws of 1965 and RCW 43.85.040; amending section 43.85.060, chapter 8, Laws of 1965 and RCW 43.85.060; amending section 43.85.070, chapter 8, Laws of 1965 and RCW 43.85.070; amending section 43.85.150, chapter 8, Laws of 1965, as amended by section 2, chapter 132, Laws of 1967 and RCW 43.85.150; amending section 43.85.170, chapter 8, Laws of 1965 and RCW 43.85.170; amending section 43.85.190, chapter 8, Laws of 1965 and RCW 43.85.190; amending section 35.38.010, chapter 7, Laws of 1965 and RCW 35.38.010; amending section 35.38.020, chapter 7, Laws of 1965, as amended by section 5, chapter 132, Laws of 1967 and RCW 35.38.020; amending section 35.38.030, chapter 7, Laws of 1965 and RCW 35.38.030; amending section 35.38.040, chapter 7, Laws of 1965,

as amended by section 6, chapter 132, Laws of 1967, and RCW 35.38.040; amending section 36.29.020, chapter 4, Laws of 1963, as last amended by section 1, chapter 173, Laws of 1967, and RCW 36.29.020; amending section 35.48.010, chapter 4, Laws of 1963 and RCW 36.48.010; amending section 36.48.020, chapter 4, Laws of 1963, as amended by section 3, chapter 132, Laws of 1967, and RCW 36.48.020; adding a new chapter to Title 39 RCW; repealing section 43.85.050, chapter 8, Laws of 1965 and RCW 43.85.050; repealing section 43.85.080, chapter 8, Laws of 1965 and RCW 43.85.080; repealing section 43.85.090, chapter 8, Laws of 1965 and RCW 43.85.090; repealing section 43.85.100, chapter 8, Laws of 1965 and RCW 43.85.100; repealing section 43.85.110, chapter 8, Laws of 1965 and RCW 43.85.110; repealing section 43.85.120, chapter 8, Laws of 1965 and RCW 43.85.120; repealing section 35.38.070, chapter 7, Laws of 1965 and RCW 35.38.070; repealing section 35.38.080, chapter 7, Laws of 1965 and RCW 35.38.080; repealing section 35.38.090, chapter 7, Laws of 1965 and RCW 35.38.090; repealing section 35.38.100, chapter 7, Laws of 1965 and RCW 35.38.100; repealing section 35.38.110, chapter 7, Laws of 1965 and RCW 35.38.110; repealing section 36.48.030, chapter 4, Laws of 1963 and RCW 36.48.030; repealing section 36.48.100, chapter 4, Laws of 1963, section 4, chapter 132, Laws of 1967, and RCW 36.48.100; repealing section 36.48.110, chapter 4, Laws of 1963 and RCW 36.48.110; repealing section 36.48.120, chapter 4, Laws of 1963 and RCW 36.48.120; repealing section 36.48.130, chapter 4, Laws of 1963 and RCW 36.48.130; repealing section 36.48.140, chapter 4, Laws of 1963 and RCW 36.48.140; and repealing section 36.48.150, chapter 4, Laws of 1963 and RCW 36.48.150.

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

NEW SECTION. Section 1. In this 1969 amendatory act, unless the context otherwise requires:

- (1) "Public deposit" means moneys of the state or of any

county, city or town, or other political subdivision of the state or any commission, committee, board or officer thereof or any court of the state deposited in any qualified public depository;

(2) "Qualified public depository" means a state bank or trust company or national banking association located in this state which receives or holds public deposits and segregates eligible collateral for public deposits as described in section 5 of this 1969 amendatory act;

(3) "Loss" means issuance of an order of supervisory authority restraining a qualified public depository from making payments of deposit liabilities or the appointment of a receiver for a qualified public depository;

(4) "Commission" means the Washington public deposit protection commission created under section 3 of this 1969 amendatory act;

(5) "Eligible collateral" means collateral which is eligible as security for public deposits pursuant to applicable state law;

(6) The "maximum liability" of a qualified public depository means a sum equal to five percent of the average daily balance of collected funds of all public deposits held by the qualified public depository during the twelve months immediately preceding the date of any computation of such liability, less any assessments made under this 1969 amendatory act;

(7) "Public funds available for investment" means such public funds as are in excess of the anticipated cash needs throughout the duration of the contemplated investment period;

(8) "Investment deposits" means bank time deposits of public funds available for investment;

(9) "Treasurer" shall mean the state treasurer, a county treasurer, a city treasurer, a treasurer of any other municipal corporation, and the custodian of any other public funds.

NEW SECTION. Sec. 2. On and after the effective date of this act, all public deposits in qualified public depositories, including investment deposits, shall be protected against loss, as provided in

this 1969 amendatory act.

NEW SECTION. Sec. 3. The Washington public deposit protection commission shall be the state finance committee. Meetings of the commission shall be held at least once each month, and more frequently whenever called by the chairman after notice thereof.

NEW SECTION. Sec. 4. The commission shall have power (1) to make and enforce regulations necessary and proper to the full and complete performance of its functions under this 1969 amendatory act; (2) to require any qualified public depository to furnish such information dealing only with public deposits as the commission shall request. Any public depository which refuses or neglects to give any information so requested shall no longer be a qualified public depository and shall be excluded from the right to receive public deposits until such time as the commission shall acknowledge that such depository has furnished the information requested; (3) to take such action as it deems best for the protection, collection, compromise or settlement of any claim arising in case of loss; (4) to prescribe regulations, subject to this 1969 amendatory act, fixing the requirements for qualification of banks as public depositories, and fixing other terms and conditions consistent with this 1969 amendatory act, under which public deposits may be received and held; (5) to fix the official date on which any loss shall be deemed to have occurred taking into consideration the orders, rules and regulations of supervisory authority as they affect the failure or inability of a qualified public depository to repay public deposits in full; (6) in case loss occurs in more than one qualified public depository, to determine the allocation and time of payment of any sums due to public depositors under this 1969 amendatory act.

NEW SECTION. Sec. 5. (1) Every qualified public depository shall at all times maintain, segregated from its other assets, eligible collateral having a value at least equal to its maximum liability under this 1969 amendatory act. Such collateral may be segregated by deposit in the trust department of the depository or in such

other manner as the commission approves and shall be clearly designated as security for the benefit of public depositors under this 1969 amendatory act. (2) Collateral eligible as security shall be valued at face value or market value as determined by the commission. (3) The depository shall have the right to make substitutions of eligible collateral at any time. (4) The income from the assets which constitute segregated collateral shall belong to the depository bank without restriction.

NEW SECTION. Sec. 6. When the commission determines that a loss has occurred, it shall as soon as possible make payment to the proper public officers of all funds subject to such loss, pursuant to the following procedures: (1) For the purposes of determining the sums to be paid, the supervisor of banking or receiver shall, within twenty days after issuance of a restraining order or taking possession of any qualified public depository, ascertain the amount of public funds on deposit therein as disclosed by its records and the amount thereof covered by deposit insurance and certify the amounts thereof to the commission and each such public depositor; (2) within ten days after receipt of such certification, each such public depositor shall furnish to the commission verified statements of its deposits in such depository as disclosed by its records; (3) upon receipt of such certificate and statements, the commission shall ascertain and fix the amount of such public deposits, net after deduction of any deposit insurance, and assess the same against all then qualified public depositaries, as follows: First, against the depository in which the loss occurred, to the extent of the full value of collateral segregated pursuant to this 1969 amendatory act; second, against all other then qualified public depositaries in proportion to their then maximum liability; (4) assessments made by the commission shall be payable on the second business day following demand, and in case of the failure of any qualified public depository so to pay, the commission shall forthwith take possession of the eligible collateral segregated by such depository pursuant to this 1969 amendatory act and liquidate the

same for the purpose of paying such assessment; (5) upon receipt of such assessment payments, the commission shall reimburse the public depositors of the depository in which the loss occurred to the extent of the depository's net deposit liability to them.

NEW SECTION. Sec. 7. Upon payment to any public depositor, the commission shall be subrogated to all of such depositor's right, title and interest against the depository in which the loss occurred and shall share in any distribution of its assets ratably with other depositors. Any sums received from any distribution shall be paid to the public depositors to the extent of any unpaid net deposit liability and the balance to the qualified public depositories against which assessments were made, in proportion to such assessments. If the commission incurs expense in enforcing any such claim, the amount thereof shall be paid as a liquidation expense of the depository in which the loss occurred.

NEW SECTION. Sec. 8. Except as provided in section 11 of this 1969 amendatory act, no public deposit shall be made except in a qualified public depository located in this state.

NEW SECTION. Sec. 9. All institutions located in this state which are permitted by the statutes of this state to hold and receive public deposits shall have power to secure such deposits in accordance with this 1969 amendatory act. Except as provided in this 1969 amendatory act, no bond or other security shall be required of or given by any qualified public depository for any public deposit defined in section 1 of this 1969 amendatory act.

NEW SECTION. Sec. 10. On each call report date, each qualified public depository shall render to the commission a written report, certified under oath, indicating the total amount of public deposits held by it and the amount and nature of the eligible collateral segregated and designated therefor in accordance with this 1969 amendatory act. The commission may instruct the supervisor of banking to certify as to segregation of securities by public depositories.

NEW SECTION. Sec. 11. Mutual savings banks and building or

savings and loan associations located in this state may continue to hold and receive deposits of public funds in accordance with and subject to the limitations of statutes applicable to such institutions, without segregating collateral or otherwise complying with the provisions of this 1969 amendatory act.

NEW SECTION. Sec. 12. The public deposit protection commission shall from time to time fix the rate of interest to be paid by qualified public depositories upon investment deposits: PROVIDED, That time deposits issued pursuant to this act shall bear interest at a rate which would not be in excess of one hundred percent of the average bill rate at the last U.S. Treasury 91-day bill market auction or in excess of the maximum rate permitted by any applicable governmental regulation.

NEW SECTION. Sec. 13. A treasurer as defined in section 1 of this 1969 amendatory act is authorized to deposit in investment deposits in a qualified public depository any public funds available for investment and secured by collateral in accordance with the provisions of this 1969 amendatory act, and receive interest thereon. The authority provided by this section is additional to any authority now or hereafter provided by law for the investment or deposit of public funds by any such treasurer: PROVIDED, That in no case shall the deposit or deposits of public funds by any such treasurer in any one bank or trust company exceed at any one time in the aggregate the total of the capital, surplus, and undivided profits of such bank or trust company.

Sec. 14. Section 43.85.010, chapter 8, Laws of 1965 and RCW 43.85.010 are each amended to read as follows:

Any national or state banking corporation, or other incorporated bank, or branch banks or branches thereof, authorized to do business in the state and approved by the state finance committee, may, upon ~~((depositing))~~ segregating security as ~~((hereinafter))~~ provided in section 5 of this 1969 amendatory act and upon compliance with all other requirements of law, become a ~~((state))~~ qualified pub-

lic depository.

No state funds shall be deposited in any institution other than a ~~((state))~~ qualified public depository.

The record of the proceedings of the committee shall be kept in the office of the committee and a duly certified copy thereof, or any part thereof, shall be admissible in evidence in any action or proceedings in any court of this state.

Sec. 15. Section 43.85.030, chapter 8, Laws of 1965, as amended by section 1, chapter 132, Laws of 1967 and RCW 43.85.030 are each amended to read as follows:

Every ~~((state))~~ qualified public depository, before it shall be entitled to receive any state moneys, shall ~~((deposit-with-the state-treasurer))~~ segregate as provided in section 5 of this 1969 amendatory act 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))~~ on any portion thereof representing investment deposits at the rate fixed by the ~~((state-finance-committee))~~ public deposit protection commission, 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))~~ segregation 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))~~ segregate 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-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))~~ qualified public depository for state funds, 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 depositary examined.

Sec. 16. Section 43.85.040, chapter 8, Laws of 1965 and RCW 43.85.040 are each amended to read as follows:

The state finance committee shall not approve the bonds and warrants, (~~(or in lieu thereof the bond of a surety company of any such depositary)~~) until fully satisfied that such bonds and warrants are good and sufficient, and that the depositary is prosperous and financially sound, meets the qualification requirements of a public depositary prescribed by the public deposit protection commission, and has unimpaired the paid-up capital and surplus claimed by it.

~~((The committee may at any time require any state depositary to furnish a new or additional bond or bonds, and upon its failure so to do may after fifteen days' notice to the depositary revoke the designation and approval thereof, and immediately upon such revocation, the bank shall cease to be a state depositary))~~

Sec. 17. Section 43.85.060, chapter 8, Laws of 1965 and RCW 43.85.060 are each amended to read as follows:

Every (~~(state depositary)~~) public depositary of state moneys shall, on the first day of each calendar month, and oftener when required, file with the state auditor a sworn statement of the amount of state moneys on deposit with it, and shall, within ten days after the first day of January, April, July, and October in each year make a full statement of all deposits and payments of state moneys during the preceding quarter (~~((y together with a computation and statement of the interest earned thereon, computed upon the daily balance on deposit, to the state finance committee which interest shall thereupon be remitted to the state treasurer and placed to the credit of the deposit interest fund))~~).

The statement shall be upon such forms as may be prescribed by the state finance committee and accompanied by an affidavit of the president and cashier of such depositary to the effect that it is in all respects true and correct, and that (~~((y except for the interest therein credited,))~~) neither the depositary nor any officer, agent, or

employee thereof, nor any person in its behalf has in any way whatsoever given, paid, or rendered or promised to give, pay, or render to any member of the committee, or to any other person or corporation whatever any money, credit, service, or benefit whatsoever by reason or in consideration of a deposit with it of any portion of the state moneys. A copy of such statement shall be sent to the public deposit protection commission.

Any person who shall make any false statement in any affidavit required by this section shall be guilty of perjury.

The total interest paid by all depositaries shall be placed by the state treasurer to the credit of the deposit interest fund, and upon the fifteenth day of January of each year, the state treasurer shall divide the deposit interest fund among the various funds from which such deposits are made, in proportion to the respective amounts thereof.

Sec. 18. Section 43.85.070, chapter 8, Laws of 1965 and RCW 43.85.070 are each amended to read as follows:

The state treasurer may deposit with any qualified public depository which has fully complied with all requirements of law and the regulations of the public deposit protection commission any state moneys in his hands or under his official control and any sum so on deposit shall be deemed to be in the state treasury, and he shall not be liable for any loss thereof resulting from the failure or default of any such depository without fault or neglect on his part or on the part of his assistants or clerks. ~~((The amount at any time on deposit with any depository shall not exceed ninety percent of the value of the securities deposited by it. -- PROVIDED, That in the event repayment of deposits in a 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, and authorized to insure the repayment of bank deposits, such depository 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. 19. Section 43.85.150, chapter 8, Laws of 1965, as amended by section 2, chapter 132, Laws of 1967 and RCW 43.85.150 are each amended to read as follows:

Every depositary so selected shall ~~((file with the state treasurer a good and sufficient bond or))~~ segregate eligible collateral securities, authorized by RCW 43.85.030, as now or hereafter amended, as provided in section 5 of this 1969 amendatory act 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 of 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 depositary, and shall before any deposit by the commissioner of public lands, be approved by the committee))~~. The depositary may be examined from time to time as provided in relation to state depositaries.

Sec. 20. Section 43.85.170, chapter 8, Laws of 1965 and RCW 43.85.170 are each amended to read as follows:

Every ~~((state))~~ qualified public depositary selected for the receipt and deposit of moneys by the commissioner of public lands, shall quarterly on the first of January, April, July, and October file with the state auditor a sworn statement of the amount of moneys on deposit with it to the credit of the commissioner of public lands, together with a computation of the interest earned thereon at the rate fixed by the ~~((state finance committee))~~ public deposit protection commission ~~((to be computed upon the daily balance on deposit))~~ and such statement and computation shall also be made to the committee. A copy of such statement shall be filed with the public deposit protection commission. ~~((The interest shall thereupon be forthwith remitted by the depositary to the state treasurer and by him placed in and credited to the general fund.))~~

Sec. 21. Section 43.85.190, chapter 8, Laws of 1965 and RCW 43.85.190 are each amended to read as follows:

It is the purpose of RCW 43.85.190 through 43.85.240 to authorize the state treasurer to ~~((deposit))~~ make investment deposits of state moneys or funds in his custody in state depositories at a rate of interest ((agreed-to-by-the-state-finance-committee-and-the depository)) fixed by the public deposit protection commission in accordance with section 12 of this 1969 amendatory act.

Sec. 22. Section 35.38.010, chapter 7, Laws of 1965 and RCW 35.38.010 are each amended to read as follows:

The city treasurer in all cities having a population of seventy-five thousand or more inhabitants shall annually at the end of each fiscal year designate one or more banks in the city which meets the requirements for a qualified public depository as set forth by the public deposit protection commission as depository or depositories of the moneys required to be kept by the treasurer, and such designation shall be subject to the approval of the mayor, and filed with the comptroller.

Sec. 23. Section 35.38.020, chapter 7, Laws of 1965, as amended by section 5, chapter 132, Laws of 1967 and RCW 35.38.020 are each amended to read as follows:

~~((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 contract 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 council.))~~

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))~~
segregate in accordance with section 5 of this 1969 amendatory act the following eligible collateral:

(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)~~) segregate 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.

~~((Such surety bonds or securities shall be in such form as shall be approved by the corporation counsel of the city and the sufficiency of such surety bonds or such securities shall be approved by the mayor and comptroller of the city. When such bonds have been duly approved and filed with the comptroller, he shall immediately certify to the city treasurer the amount of bonds or securities filed by such bank or banks, whereupon the city treasurer shall be authorized to make deposits in such bank.~~

~~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 of America, the execution and filing of a bond with such 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 such depository elects to deposit securities only to the amount necessary to secure the excess of the moneys on deposit with it over the amount required by such insurance.)~~

Sec. 24. Section 35.38.030, chapter 7, Laws of 1965 and RCW 35.38.030 are each amended to read as follows:

Any city or town having a population of less than seventy-five thousand inhabitants shall, upon a majority vote of its governing body, instruct its city or town treasurer annually at the end of each fiscal year, or at such other times as may be deemed necessary by the treasurer, to designate one or more banks in the county wherein the city or town is located which meets the requirements of a qualified public depository as set forth by the public deposit protection commission as depository or depositories of the moneys required to be

kept by said treasurer: PROVIDED, That where any bank has been designated as a depository hereunder such designation shall continue in force until revoked by a majority vote of the governing body of the city or town.

Sec. 25. Section 35.38.040, chapter 7, Laws of 1965, as amended by section 6, chapter 132, Laws of 1967, 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 approval by the mayor and city or town clerk, any))~~ segregate as provided by section 5 of this 1969 amendatory act 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.)~~

Sec. 26. Section 36.29.020, chapter 4, Laws of 1963, as last amended by section 1, chapter 173, Laws of 1967, and RCW 36.29.020 are each amended to read as follows:

The county treasurer shall keep all moneys belonging to the state, or to any county, in his own possession until disbursed according to law. He shall not place the same in the possession of any person to be used for any purpose; nor shall he loan or in any manner use or permit any person to use the same; but it shall be lawful for a county treasurer to deposit any such moneys in any regularly designated ((county)) qualified public depository. Any municipal corporation may by action of its governing body authorize any of its funds which are not required for immediate expenditure, and which are in the custody of the county treasurer or other municipal corporation treasurer, to be invested by such treasurer in savings or time accounts in banks, trust companies and mutual savings banks which are doing business in this state, up to the amount of insurance afforded such accounts by the Federal Deposit Insurance Corporation, or in accounts in savings and loan associations which are doing business in this state, up to the amount of insurance afforded such accounts by the Federal Savings and Loan Insurance Corporation, or in any short term United States government securities, or deposit such funds or any portion thereof in investment deposits as defined in section 1 of

this 1969 act secured by collateral in accordance with the provisions of this 1969 act: PROVIDED, Five percent of the interest or earnings, with an annual minimum of ten dollars or annual maximum of fifty dollars, on any transactions authorized by each resolution of the governing body shall be paid as an investment service fee to the office of the county treasurer or other municipal corporation treasurer when the interest or earnings become available to the governing body.

Whenever the funds of any municipal corporation which are not required for immediate expenditure are in the custody or control of the county treasurer, and the governing body of such municipal corporation has not taken any action pertaining to the investment of any such funds, the county finance committee shall direct the county treasurer to invest, to the maximum prudent extent, such funds or any portion thereof in securities constituting the direct and general obligations of the United States government or deposit such funds or any portion thereof in investment deposits as defined in section 1 of this 1969 act secured by collateral in accordance with the provisions of this 1969 act. The interest or other earnings from such investments or deposits shall be deposited in the current expense fund of the county and may be used for general county purposes. The investment or deposit and disposition of the interest or other earnings therefrom authorized by this paragraph shall not apply to such funds as may be prohibited by the state Constitution from being so invested or deposited.

Sec. 27. Section 36.48.010, chapter 4, Laws of 1963 and RCW 36.48.010 are each amended to read as follows:

Each county treasurer shall annually on the second Monday in January, and at such other times as he deems necessary, designate one or more banks in the state which meets the requirements for a qualified public depository as set forth by the public deposit protection commission as depository or depositories of all public funds held and required to be kept by him as such treasurer, and such designation or designations shall be in writing, and shall be filed with the board of

county commissioners of his county, and no county treasurer shall deposit any public money in banks, except as herein provided.

Sec. 28. Section 36.48.020, chapter 4, Laws of 1963, as amended by section 3, chapter 132, Laws of 1967, and RCW 36.48.020 are each amended to read as follows:

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.~~

~~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 depository 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) segregate in accordance with section 5 of this 1969 amendatory act the following eligible collateral:~~

(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, 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))~~ segregation 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 depository may also ~~((deposit-with-the-county-treasurer))~~ segregate 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 depository may be waived by the county finance committee.

~~((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-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-depository-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.))~~

NEW SECTION. Sec. 29. When deposits are made in accordance with this 1969 amendatory act, a treasurer shall not be liable for any loss thereof resulting from the failure or default of any depository without fault or neglect on his part or on the part of his assistants or clerks.

NEW SECTION. Sec. 30. The following acts or parts of acts are each repealed:

- (1) Section 43.85.050, chapter 8, Laws of 1965 and RCW 43.85-.050;
- (2) Section 43.85.080, chapter 8, Laws of 1965 and RCW 43.85-.080;
- (3) Section 43.85.090, chapter 8, Laws of 1965 and RCW 43.85-.090;
- (4) Section 43.85.100, chapter 8, Laws of 1965 and RCW 43.85-.100;
- (5) Section 43.85.110, chapter 8, Laws of 1965 and RCW 43.85-.110;
- (6) Section 43.85.120, chapter 8, Laws of 1965 and RCW 43.85-.120;
- (7) Section 35.38.070, chapter 7, Laws of 1965 and RCW 35.38-.070;
- (8) Section 35.38.080, chapter 7, Laws of 1965 and RCW 35.38-.080;
- (9) Section 35.38.090, chapter 7, Laws of 1965 and RCW 35.38-.090;
- (10) Section 35.38.100, chapter 7, Laws of 1965 and RCW 35-.38.100;
- (11) Section 35.38.110, chapter 7, Laws of 1965 and RCW 35-.38.110;
- (12) Section 36.48.030, chapter 4, Laws of 1963 and RCW 36-

.48.030;

(13) Section 36.48.100, chapter 4, Laws of 1963, section 4, chapter 132, Laws of 1967, and RCW 36.48.100;

(14) Section 36.48.110, chapter 4, Laws of 1963 and RCW 36-.48.110;

(15) Section 36.48.120, chapter 4, Laws of 1963 and RCW 36-.48.120;

(16) Section 36.48.130, chapter 4, Laws of 1963 and RCW 36-.48.130;

(17) Section 36.48.140, chapter 4, Laws of 1963 and RCW 36.48.140; and

(18) Section 36.48.150, chapter 4, Laws of 1963 and RCW 36-.48.150.

NEW SECTION. Sec. 31. Sections 1 through 13 of this act shall constitute a new chapter in Title 39 RCW.

NEW SECTION. Sec. 32. If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of this act, or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 33. Nothing in this act shall be construed so as to impair the obligation of any contract or agreement entered into prior to its effective date.

Passed the House April 17, 1969.

Passed the Senate April 12, 1969.

Approved by the Governor April 25, 1969, with the exception of a certain item in section 3, which is vetoed.

Filed in office of Secretary of State April 28, 1969.

NOTE: Governor's explanation of partial veto is as follows:

"...Section 3 of the act designates the State Finance Committee as the Washington Public Deposit Protection Commission. The section further provides that meetings of the Commission shall be held at least once a month, and more frequently whenever called by the chairman after notice thereof.

The Commission will be required to meet as often as is necessary to perform its function. The requirement of a monthly meeting is artificial and has no relationship to the actual work required of the Commission. I have therefore vetoed from section 3 the item requiring

meetings at least once each month. The remainder of the bill is approved.

CHAPTER 194
[Substitute House Bill No. 724]
POULTRY AND POULTRY PRODUCTS
INCLUDING TURKEY--LABELING

AN ACT Relating to poultry and poultry products including turkey; adding new sections to chapter 69.04 RCW; and providing penalties.

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

NEW SECTION. Section 1. There is added to chapter 69.04 RCW a new section to read as follows:

It shall be unlawful for any person to sell at retail or display for sale at retail any poultry and poultry products, including turkey, which has been frozen at any time, without having the package or container in which the same is sold bear a label clearly discernible to a customer that such product has been frozen and whether or not the same has since been thawed. No such poultry or poultry product shall be sold unless in such a package or container bearing said label.

NEW SECTION. Sec. 2. There is added to chapter 69.04 RCW a new section to read as follows:

No person shall advertise for sale, sell, offer for sale or hold for sale in intrastate commerce any turkey that does not bear a label stating whether such turkey is graded or ungraded. Such label shall be properly displayed on the package if such turkey is prepackaged, or attached to the turkey if not prepackaged. Such label shall, if the turkey has been graded, state the name of the governmental agency, whether federal or state, and the grade. No turkey which has been graded may be labeled as being ungraded. Any advertisement in any media concerning the sale of turkeys shall state or set forth whether a turkey is ungraded or graded and the specific grade if graded.

NEW SECTION. Sec. 3. There is added to chapter 69.04 RCW a new section to read as follows: