

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6416**

**BILL NUMBER:** SB 109

**NOTE PREPARED:** Mar 11, 2012

**BILL AMENDED:** Jan 24, 2012

**SUBJECT:** Deposit of Public Funds by Local Units.

**FIRST AUTHOR:** Sen. Holdman

**FIRST SPONSOR:** Rep. Heaton

**BILL STATUS:** Enrolled

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** The bill expands the existing authority of counties and other political subdivisions to invest, through a selected local depository institution, in certificates of deposit issued by federally insured banks or savings and loan associations (wherever located) to include the authority to invest in interest-bearing deposit accounts of federally insured banks or savings and loan associations (wherever located) through the same procedure and under the same conditions.

It specifies that for purposes of this statute, the term "deposit account" includes only: (1) accounts subject to withdrawal by negotiable orders of withdrawal; (2) passbook savings accounts; (3) certificates of deposit; and (4) money market deposit accounts.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** The bill will have indeterminate fiscal impact on local government concerning the rate of return and the amount of risk on money in funds controlled by the investing officer and available for investment.

Background: Under current law, counties and other political subdivisions may invest in certificates of deposit issued by federally insured banks or savings and loan associations through a local depository institution. The bill allows counties and other political subdivisions to invest in other deposit accounts in the same manner.

**State Agencies Affected:**

**Local Agencies Affected:** Political subdivisions.

**Information Sources:**

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