

State of South Dakota

NINETIETH SESSION
LEGISLATIVE ASSEMBLY, 2015

166W0465

HOUSE BILL NO. 1084

Introduced by: Representatives Rounds, Bartling, Deutsch, Feickert, Harrison, Kirschman, Novstrup (Al), Wiik, and Zikmund and Senators Novstrup (David), Curd, Ewing, Rampelberg, Sutton, and White

1 FOR AN ACT ENTITLED, An Act to expand collateral eligible to be pledged as security for
2 public deposits.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 4-6A-1 be amended to read as follows:

5 4-6A-1. Terms as used in this chapter mean:

6 (1) "Commission," the South Dakota Public Deposit Protection Commission created
7 under § 4-6A-2;

8 (2) "Deposit insurance," insurance provided by the Federal Deposit Insurance
9 Corporation, ~~or the Federal Savings and Loan Insurance Corporation,~~ or the National
10 Credit Union Administration;

11 (3) "Eligible collateral," collateral which is eligible as security for public deposits
12 pursuant to §§ 51A-10-9, 52-5-20, 51A-4-25, and 51A-4-26 and also includes
13 certificates of deposit that are owned by the qualified public depository and that are
14 fully insured by deposit insurance, and that portion of loans which are



1 unconditionally guaranteed by a United States government agency including
2 Government National Mortgage Association (GNMA), the Veterans' Administration
3 (VA), the Federal Housing Administration (FHA), the Farmers Home Administration
4 (FmHA), the Export-Import Bank (EXIMBANK), the Overseas Private Investment
5 Corporation (OPIC), the Commodity Credit Corporation (CCC), and the Small
6 Business Administration (SBA). Further, in lieu of pledging eligible securities, a
7 qualified public depository may furnish to a public depositor irrevocable standby
8 letters of credit issued by Federal Home Loan Banks to the public depositor
9 accompanied by a written evidence of that bank's public debt rating which may not
10 be less than "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's
11 Corporation, or a qualified public depository may furnish to a public depositor a
12 corporate surety bond of a corporation authorized to do business in South Dakota;

13 (4) "Loss," issuance of an order of supervisory authority restraining a qualified public
14 depository from making payments of deposit liabilities or the appointment of a
15 receiver for a qualified public depository;

16 (5) "Maximum liability," a sum equal to one hundred percent of the public deposit
17 accounts which exceed deposit insurance, which are held by the qualified public
18 depository;

19 (6) "Public deposit," all general, special, and other funds held or administered by this
20 state or any political subdivision thereof, including counties, municipalities,
21 townships, and school districts, or by any officer, commission, board, bureau, or
22 agency of the state or political subdivision or any tribal government funds, and which
23 public deposit is insured, in whole or in part, by deposit insurance. Deposits placed
24 in banks by the Value Added Finance Authority created pursuant to chapter 1-16E

1 are not public deposits;

2 (7) "Qualified public depository," a state bank ~~or trust company or~~, national bank ~~or a~~
3 ~~state chartered or~~, federal savings and loan association, or a federally chartered credit
4 union located in this state which receives or holds public deposits; and segregates
5 eligible collateral for public deposits as described in § 4-6A-3;

6 (8) "Treasurer," the state treasurer, a county treasurer, a treasurer of any other municipal
7 corporation, or the custodian of any public funds.