

State of South Dakota

EIGHTY-SIXTH SESSION
LEGISLATIVE ASSEMBLY, 2011

528S0224

HOUSE LOCAL GOVERNMENT ENGROSSED NO. **SB 68** - 2/24/2011

Introduced by: Senators Gray, Holien, Lederman, and Tieszen and Representatives Turbiville and Perry

1 FOR AN ACT ENTITLED, An Act to authorize investment of public funds in bonds issued by
2 or direct obligations of certain political subdivisions or bonding authorities of the state.

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

4 Section 1. That chapter 4-5 be amended by adding thereto a NEW SECTION to read as
5 follows:

6 In addition to the investments permitted by § 4-5-6, any public funds which are not needed
7 for current operating expenses may be invested in:

- 8 (1) Direct obligations of any county, municipality, or school district in the state; and
- 9 (2) Bonds issued by the South Dakota Housing Development Authority, the South
10 Dakota Health and Educational Facilities Authority, or the South Dakota Building
11 Authority.

12 The investments shall be registered in the name of the political subdivision or authority or
13 held under a custodial agreement at a bank. The investments shall be rated at the time of
14 purchase within the two highest general classifications established by a rating service of



1 nationally recognized expertise in rating bonds of states and their political subdivisions. Other
 2 than permanent, trust, retirement, building, and depreciation reserve funds, such securities shall
 3 mature with eighteen months from the date of purchase or be redeemable at par at the option of
 4 the holder within eighteen months from the date of purchase.

5 Moneys in any bond redemption fund may be invested only in the types of investments listed
 6 in § 4-5-6. The investments shall be due and payable on or before the date when the bonds for
 7 the payment of which the bond redemption fund was created become due and payable, except
 8 bonds of the United States redeemable at par.

9 Section 2. That § 13-16-18 be amended to read as follows:

10 13-16-18. All accumulations in all school district funds shall be deposited in lawful
 11 depositories in checking accounts, savings accounts, or time deposits, or invested, except as
 12 hereinafter limited, in ~~bonds~~:

13 (1) Bonds, registered warrants, or promissory notes of the school district making ~~such~~
 14 the investment, or securities issued and guaranteed by the United States government;
 15 or

16 (2) Investments authorized by section 1 of this Act.

17 The interest accruing on ~~such~~ the investment or deposit shall be credited to the respective
 18 fund or the general fund. Other than permanent, trust, retirement, building, and depreciation
 19 reserve funds, such securities shall mature within eighteen months from the date of purchase or
 20 be redeemable at par at the option of the holder within eighteen months from the date of
 21 purchase.

22 Moneys in any bond redemption fund may be invested only in ~~such of the above listed~~ the
 23 types of ~~securities as will become~~ investments listed in subdivision (1). The investments shall
 24 be due and payable on or before the date when the bonds for the payment of which ~~such~~ the

1 bond redemption fund was created become due and payable, except bonds of the United States
2 redeemable at par.

3 In carrying out the provisions of this section, all transactions shall be by resolutions of the
4 board, which resolutions shall be regularly filed and recorded with the business manager as a
5 public record.