

# State of South Dakota

SEVENTY-NINTH SESSION  
LEGISLATIVE ASSEMBLY, 2004

832J0520

## HOUSE BILL NO. 1137

Introduced by: Representatives Smidt, Madsen, and O'Brien and Senators Knudson, Brown,  
and Earley

1 FOR AN ACT ENTITLED, An Act to permit the investment of public funds in certificates of  
2 deposit insured by the Federal Deposit Insurance Corporation.

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 lieu of or in addition to other statutory authorization for the investment of public funds,  
7 any public funds that are not needed for current operating expenses may be invested in  
8 accordance with the following conditions:

9 (1) The public funds shall initially be placed by the public funds depositor in a bank or  
10 savings and loan association located in this state which offers Federal Deposit  
11 Insurance Corporation insurance on its deposits;

12 (2) The selected bank or savings and loan association simultaneously shall arrange for  
13 the deposit of the public funds in certificates of deposit in one or more banks or  
14 savings and loan associations wherever located in the United States, for the account  
15 of the public funds depositor;



- 1       (3)    At the same time the public funds are deposited and the certificates of deposit are  
2            issued for the benefit of the depositor, the selected bank or savings and loan  
3            association shall receive an amount of deposits from customers of other banks or  
4            savings and loan associations equal to the amount of the public funds initially placed  
5            by the public funds depositor;
- 6       (4)    Each such certificate of deposit shall be insured by the Federal Deposit Insurance  
7            Corporation;
- 8       (5)    The selected bank or savings and loan association shall act as custodian for the public  
9            funds depositor with respect to the certificates of deposit issued for the depositor's  
10           account.