

AN ACT concerning finance.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Public Funds Deposit Act is amended by changing Section 1 as follows:

(30 ILCS 225/1) (from Ch. 102, par. 34)

Sec. 1. Deposits. Any treasurer or other custodian of public funds may deposit such funds in a savings and loan association, savings bank, or State or national bank in this State, or deposit those funds into demand deposit accounts in accordance with Section 6.5 of the Public Funds Investment Act.

When such deposits become collected funds and are not needed for immediate disbursement, they shall be invested within 2 working days at prevailing rates or better. The treasurer or other custodian of public funds may require such bank, savings bank, or savings and loan association to deposit with him or her securities guaranteed by agencies and instrumentalities of the federal government equal in market value to the amount by which the funds deposited exceed the federally insured amount. Any treasurer or other custodian of public funds may accept as security for public funds deposited in such bank, savings bank, or savings and loan association any securities or other eligible collateral authorized by Sections 11 and 11.1 of the

Deposit of State Moneys Act (15 ILCS 520/11 and 11.1) or Section 6 of the Public Funds Investment Act (30 ILCS 235/6). Such treasurer or other custodian is authorized to enter into an agreement with any such bank, savings bank, or savings and loan association, with any federally insured financial institution or trust company, or with any agency of the U.S. government relating to the deposit of such securities. Any such treasurer or other custodian shall be discharged from responsibility for any funds for which securities are so deposited with him or her, and the funds for which securities are so deposited shall not be subject to any otherwise applicable limitation as to amount.

No bank, savings bank, or savings and loan association shall receive public funds as permitted by this Section, unless it has complied with the requirements established pursuant to Section 6 of the Public Funds Investment Act or is otherwise exempt from compliance as authorized by Section 6.5 of that Act.

(Source: P.A. 93-561, eff. 1-1-04.)

Section 10. The Public Funds Investment Act is amended by changing Section 6.5 as follows:

(30 ILCS 235/6.5)

Sec. 6.5. Federally insured deposits at Illinois financial institutions.

(a) Notwithstanding any other provision of this Act or any other statute, whenever a public agency invests public funds in an interest-bearing savings account, demand deposit account, interest-bearing certificate of deposit, or interest-bearing time deposit under Section 2 of this Act, the provisions of Section 6 of this Act and any other statutory requirements pertaining to the eligibility of a bank to receive or hold public deposits or to the pledging of collateral by a bank to secure public deposits do not apply to any bank receiving or holding all or part of the invested public funds if (i) the public agency initiates the investment at or through a bank located in Illinois and (ii) the invested public funds are at all time fully insured by an agency or instrumentality of the federal government.

(b) Nothing in this Section is intended to:

(1) prohibit a public agency from requiring the bank at or through which the investment of public funds is initiated to provide the public agency with the information otherwise required by subsections (a), (b), or (c) of Section 6 of this Act as a condition of investing the public funds at or through that bank; or

(2) permit a bank to receive or hold public deposits if that bank is prohibited from doing so by any rule, sanction, or order issued by a regulatory agency or by a court.

(c) For purposes of this Section, the term "bank" includes

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any person doing a banking business whether subject to the laws of this or any other jurisdiction.

(Source: P.A. 93-756, eff. 7-16-04.)

Section 99. Effective date. This Act takes effect upon becoming law.