

Senate Bill 1023

Sponsored by COMMITTEE ON BUSINESS, TRANSPORTATION AND WORKFORCE DEVELOPMENT (at the request of Credit Union Association of Oregon)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Authorizes credit union or federal credit union that meets certain criteria to serve as custodian bank, depository bank or pool manager for public funds.

Changes amount of public funds that public officials may deposit with credit union or federal credit union to equal amount insured by National Credit Union Share Insurance Fund, by private deposit insurance or by deposit guaranty bond issued by insurance company meeting certain criteria.

Authorizes various state agencies, boards and commissions to deposit public or other funds with credit unions or entities insured by National Credit Union Share Insurance Fund.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to credit unions; creating new provisions; amending ORS 97.820, 285A.274, 293.180, 295.005,
3 295.008, 295.025, 295.027, 295.105, 328.260, 371.360, 545.508, 545.685, 547.125, 554.120, 554.280 and
4 576.375; and declaring an emergency.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1.** ORS 295.005 is amended to read:

7 295.005. As used in ORS 295.005 to 295.165, unless the context requires otherwise:

8 (1) "Certificate of participation" or "certificate" means a nonnegotiable document issued by a
9 pool manager to a public official.

10 (2) "Custodian bank" or "custodian" means the following institutions designated by the deposi-
11 tory bank for *[its]* **the depository bank's** own account:

12 (a) The Federal Reserve Bank designated to serve this state, or any branch of that bank;

13 (b) The Federal Home Loan Bank designated to serve this state, or any branch of that bank;

14 (c) Any insured institution or trust company, as those terms are defined in ORS 706.008, that is
15 authorized to accept deposits or transact trust business in this state and that complies with ORS
16 295.008; *[and]*

17 **(d) A credit union as defined in ORS 723.006, the shares and deposits of which are insured**
18 **by the National Credit Union Share Insurance Fund, or a federal credit union, if the credit**
19 **union or federal credit union:**

20 **(A) Is authorized to accept deposits or transact business in this state; and**

21 **(B) Complies with ORS 295.008; and**

22 *[(d)]* (e) The fiscal agency of the State of Oregon, duly appointed and acting as such agency
23 pursuant to ORS 288.010 to 288.110.

24 (3) "Custodian's receipt" or "receipt" means a document issued by a custodian bank to a pool
25 manager describing the securities deposited with *[it]* **the custodian bank** by a depository bank to
26 secure public fund deposits.

27 (4) "Depository bank" or "depository" means an insured institution or trust company, as those

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 terms are defined in ORS 706.008, a credit union, as defined in ORS 723.006, the shares and deposits
 2 of which are insured by the National Credit Union Share Insurance Fund, or a federal credit union,
 3 if the institution, trust company or credit union:

4 (a) Maintains a head office or a branch in this state in the capacity of an insured institution,
 5 trust company, credit union or federal credit union; and

6 (b) *[In the case of an insured institution or trust company,]* Complies with ORS 295.008.

7 (5) "Pool manager" means:

8 (a) The State Treasurer;

9 (b) Any insured institution or trust company, as those terms are defined in ORS 706.008, a credit
 10 union, as defined in ORS 723.006, the shares and deposits of which are insured by the National
 11 Credit Union Share Insurance Fund, or a federal credit union, if the institution, trust company or
 12 credit union:

13 (A) Is authorized to accept deposits or transact trust business in this state; and

14 (B) *[In the case of an insured institution or trust company,]* Complies with ORS 295.008;

15 (c) The Federal Reserve Bank designated to serve this state, or any branch of that bank; or

16 (d) The Federal Home Loan Bank designated to serve this state, or any branch of that bank.

17 (6) "Public funds" or "funds" means funds under the control or in the custody of a public official
 18 by virtue of office.

19 (7) "Security" or "securities" means:

20 (a) Obligations of the United States, including those of *[its]* agencies and instrumentalities **of**
 21 **the United States**;

22 (b) Obligations of the International Bank for Reconstruction and Development;

23 (c) Bonds of any state of the United States:

24 (A) That are rated in one of the four highest grades by a recognized investment service organ-
 25 ization that has been engaged regularly and continuously for a period of not less than 10 years in
 26 rating state and municipal bonds; or

27 (B) Having once been so rated are ruled to be eligible securities for the purposes of ORS 295.005
 28 to 295.165, notwithstanding the loss of such rating;

29 (d) Bonds of any county, city, school district, port district or other public body in the United
 30 States payable from ad valorem taxes levied generally on substantially all property within the issu-
 31 ing body and that meet the rating requirement or are ruled to be eligible securities as provided in
 32 paragraph (c) of this subsection;

33 (e) Bonds of any county, city, school district, port district or other public body issued pursuant
 34 to the Constitution or statutes of the State of Oregon or the charter or ordinances of any county
 35 or city within the State of Oregon, if the issuing body has not been in default with respect to the
 36 payment of principal or interest on any of *[its]* **the issuing body's** bonds within the preceding 10
 37 years or during the period of *[its]* **the issuing body's** existence if that is less than 10 years;

38 (f) Bond anticipation notes issued, sold or assumed by an authority under ORS 441.560;

39 (g) One-family to four-family housing mortgage loan notes related to property situated in the
 40 State of Oregon, which are owned by a depository bank, no payment on which is more than 90 days
 41 past due, and which are eligible collateral for loans from the Federal Reserve Bank of San Francisco
 42 under section 10(b) of the Federal Reserve Act and regulations thereunder;

43 (h) Bonds, notes, letters of credit or other securities or evidence of indebtedness constituting the
 44 direct and general obligation of a federal home loan bank or Federal Reserve bank;

45 (i) Debt obligations of domestic corporations that are rated in one of the three highest grades

1 by a recognized investment service organization that has been engaged regularly and continuously
2 for a period of not less than 10 years in rating corporate debt obligations;

3 (j) Collateralized mortgage obligations and real estate mortgage investment conduits that are
4 rated in one of the two highest grades by a recognized investment service organization that has been
5 engaged regularly and continuously for a period of not less than 10 years in rating corporate debt
6 obligations; and

7 (k) One-family to four-family housing mortgages that have been secured by means of a guarantee
8 as to full repayment of principal and interest by an agency of the United States Government, in-
9 cluding the Government National Mortgage Association, the Federal National Mortgage Association
10 and the Federal Home Loan Mortgage Corporation.

11 (8) "Public official" means each officer or employee of this state or any agency, political subdi-
12 vision or public or municipal corporation thereof who by law is made the custodian of or has control
13 of any public funds.

14 (9) "Value" means the current market value of securities.

15 **SECTION 2.** ORS 295.008 is amended to read:

16 295.008. (1)(a) An insured institution, [*or*] trust company, **credit union or federal credit union**
17 described in ORS 295.005 (2)(c) **and (d)** may not be a custodian bank under ORS 295.005 to 295.165,
18 unless [*it*] **the institution, trust company or credit union** certifies in writing to the State Treas-
19 urer that [*it*] **the institution, trust company or credit union** will furnish the reports required
20 under ORS 714.075 to the Director of the Department of Consumer and Business Services.

21 (b) With the approval of the State Treasurer, a depository bank may be a custodian bank with
22 respect to [*its*] **the depository bank's** own securities.

23 (2) An insured institution, [*or*] trust company, **credit union or federal credit union** described
24 in ORS 295.005 (4) may not be a depository bank under ORS 295.005 to 295.165, unless [*it*] **the in-**
25 **stitution, trust company or credit union:**

26 (a) Certifies in writing to the State Treasurer that [*it*] **the institution, trust company or**
27 **credit union** will furnish the reports required under ORS 714.075 to the Director of the Department
28 of Consumer and Business Services; and

29 (b) Except as provided in subsection (3) of this section, enters into a written agreement with the
30 State Treasurer and a custodian that pledges the securities deposited by the insured institution,
31 [*or*] trust company **or credit union** with the custodian as collateral for deposits of public funds held
32 by the [*insured*] institution, [*or*] trust company **or credit union**. The agreement must be approved
33 by the board of directors or loan committee of the [*insured*] institution, [*or*] trust company **or credit**
34 **union** and shall be continuously maintained as a written record of the [*insured*] institution, [*or*] trust
35 company **or credit union**.

36 (3) An insured institution, [*or*] trust company, **credit union or federal credit union** described
37 in ORS 295.005 (4) may be a depository bank under ORS 295.005 to 295.165 without entering into the
38 agreement described in subsection (2) of this section if the [*insured*] institution, [*or*] trust company
39 **or credit union** does not hold any funds on deposit for a public official that exceed the limits
40 specified in ORS 295.025 for that type of depository. The provisions of ORS 295.015, 295.018, 295.035,
41 295.045, 295.055, 295.065, 295.105 and 295.185 do not apply to an [*insured*] institution, [*or*] trust
42 company **or credit union** that is a depository bank under this subsection.

43 (4) An insured institution, [*or*] trust company, **credit union or federal credit union** may not
44 be a pool manager with respect to securities that [*it*] **the institution, trust company or credit**
45 **union** deposits with [*its*] **the custodians of the institution, trust company or credit union** as

1 collateral for the security of public fund deposits, and an insured institution, [or] trust company,
 2 **credit union or federal credit union** may not be a pool manager unless [it] **the institution, trust**
 3 **company or credit union** certifies in writing to the State Treasurer that [it] **the institution, trust**
 4 **company or credit union** will furnish the reports required under ORS 714.075 to the Director of
 5 the Department of Consumer and Business Services.

6 **SECTION 3.** ORS 295.025 is amended to read:

7 295.025. (1) Any public official may retain undeposited such reasonable cash working fund as is
 8 fixed by the governing body of the political subdivision or public corporation for which the public
 9 official acts. Except to the extent of such cash working fund, each public official shall deposit public
 10 funds in the custody or control of the public official in one or more depositories currently qualified
 11 pursuant to ORS 295.005 to 295.165. [*The public official may not have on deposit in any one depository*
 12 *bank that is a credit union or federal credit union an aggregate sum in excess of \$100,000. With respect*
 13 *to other depository banks,]* The public official, without procuring certificates of participation issued
 14 by the pool manager of the depository in an amount equal to the excess deposit, [shall] **may** not
 15 have on deposit in any one depository bank and its branches a sum in excess of:

16 (a) The amount insured by the Federal Deposit Insurance Corporation **or the National Credit**
 17 **Union Share Insurance Fund**; or

18 (b) For any amount over the amount insured by the Federal Deposit Insurance Corporation **or**
 19 **the National Credit Union Share Insurance Fund**, the amount insured or guaranteed by private
 20 deposit insurance or a deposit guaranty bond issued by an insurance company rated A- or better by
 21 a recognized insurance rating service.

22 (2) Whenever a public official holds a certificate of participation issued by a pool manager in
 23 an amount exceeding the amount required by subsection (1) of this section, upon the written request
 24 of the depository bank the public official shall surrender [it] **the certificate** to the pool manager
 25 or direct the pool manager in writing to cancel [it] **the certificate** in whole or in a designated part.

26 (3) Compliance with ORS 295.005 to 295.165 relieves the public official of personal liability on
 27 account of the loss of the public funds in the custody or control of the public official.

28 **SECTION 4.** ORS 295.027 is amended to read:

29 295.027. (1) A public official may deposit public funds in an amount in excess of the amount al-
 30 lowed in ORS 295.025 without procuring a certificate of participation if the funds are initially de-
 31 posited into a depository in Oregon and the Oregon depository participates in a program through
 32 which:

33 (a) The Oregon depository arranges for deposit of the funds into one or more certificates of de-
 34 posit or time deposits issued by other financial institutions in the United States;

35 (b) Each certificate of deposit or time deposit is fully insured by the Federal Deposit Insurance
 36 Corporation **or the National Credit Union Share Insurance Fund**;

37 (c) The Oregon depository administers the funds on behalf of the public official; and

38 (d) Other financial institutions participating in the program place funds into the Oregon depos-
 39 itory in an amount at least equal to the amount deposited into the Oregon depository by the public
 40 official for purposes of the program.

41 (2) The provisions of ORS 294.035 and 295.005 requiring deposit of public funds into depositories
 42 that have offices or branches in Oregon do not apply to certificates of deposit or time deposits that
 43 an Oregon depository arranges for under the provisions of the program described in this section.

44 (3) As used in this section, “public funds” and “public official” have the meanings given those
 45 terms in ORS 295.005.

1 **SECTION 5.** ORS 295.105 is amended to read:

2 295.105. (1) The deposit of securities by a depository bank with its custodian pursuant to ORS
3 295.005 to 295.165 constitutes consent by the depository to the disposition of the securities in ac-
4 cordance with this section.

5 (2) When a depository is closed by order of the Director of the Department of Consumer and
6 Business Services or the Comptroller of the Currency, the State Treasurer shall:

7 (a) Demand and receive from the pool manager the custodian's receipts; and

8 (b) Demand and receive from the custodian the securities pledged to secure deposits of public
9 funds and liquidate in an orderly manner the securities or such thereof as the State Treasurer may
10 determine advisable at public or private sale and distribute the proceeds as provided in this section.

11 (3) Each public official shall advise the State Treasurer of the amount of the public official's
12 deposits in the defaulted depository bank, and the State Treasurer shall proceed to determine the
13 total amount of the claims payable out of the collateral of the depository. The claim of a public of-
14 ficial for purposes of this section shall be the lesser of:

15 (a) The amount of the public official's deposits plus interest to the date the funds are distributed
16 to the public official at the rate the depository agreed to pay on the funds reduced by the portion
17 thereof that is insured by the Federal Deposit Insurance Corporation **or the National Credit Union**
18 **Share Insurance Fund**; or

19 (b) The amount of the public official's certificates of participation plus interest on the public
20 official's deposits to the date the funds are distributed to the public official at the rate the deposi-
21 tory agreed to pay on the funds.

22 (4) The State Treasurer shall distribute the net proceeds of the collateral, to the extent that
23 they do not exceed the total claims, among the public officials entitled thereto in proportion to their
24 respective claims. The State Treasurer shall remit to the depository bank any of its collateral or the
25 proceeds thereof in excess of the amount so distributable to public officials.

26 (5) If the net proceeds of the collateral are inadequate, after all other available sources are
27 applied, to meet the total claims of the public officials entitled thereto, the public officials may make
28 claims against the depository bank as general creditors.

29 (6) The State Treasurer, in accordance with ORS chapter 183, shall adopt rules to carry out this
30 section.

31 **SECTION 6.** ORS 97.820 is amended to read:

32 97.820. (1) Every cemetery authority that operates a cemetery may place its cemetery under
33 endowed care and establish, maintain and operate an endowment care fund. All endowed care funds
34 shall be deposited with and held solely by the trustee or custodian appointed by the cemetery au-
35 thority. The provisions of this subsection shall not apply to a city or county-owned cemetery, unless
36 the city or county has elected to subject itself to ORS 97.810 to 97.865.

37 (2) Endowment care and special care funds may be commingled for investment and the income
38 therefrom shall be divided between the endowment care and special care funds in the proportion
39 that each fund contributed to the principal sum invested. The income of the endowment care fund
40 may be used only to finance the care of the cemetery.

41 (3) The cemetery authority shall appoint as sole trustee of the endowment care fund a trust
42 company as defined in ORS 706.008 that is authorized to transact trust business in this state, [*or*]
43 an insured institution as defined in ORS 706.008 that is authorized to accept deposits in this state
44 **or a credit union as defined in ORS 723.008 that is authorized to accept deposits in this**
45 **state**. Such trust company, [*or*] insured institution **or credit union** shall receive and accept the

1 fund, including any accumulated endowment care fund in existence at the time of its appointment
 2 and perform such duties as are agreed upon in the agreement between it and the cemetery authority.
 3 An insured institution not qualified to transact trust business in this state may act as custodian of
 4 such endowment care fund provided:

5 (a) The duties of the insured institution are essentially custodial or ministerial in nature; and

6 (b) The insured institution invests the funds from such plan only in its own time or savings de-
 7 posits.

8 (4) The trustee or custodian may resign upon written notice to the cemetery authority or the
 9 cemetery authority may remove the trustee or custodian by written notice to it. In case of the res-
 10 ignation or removal of the trustee or custodian, the cemetery authority forthwith shall appoint a
 11 successor trustee or custodian and provide for the direct transfer of all endowed care funds and
 12 earnings thereon from the former trustee or custodian to the successor trustee or custodian.

13 (5) ORS 294.035 does not apply to funds held by a county or city under ORS 97.810 to 97.865.

14 **SECTION 7.** ORS 293.180 is amended to read:

15 293.180. (1) If the appropriation for an agency or the limitation on expenditures of an agency,
 16 as enacted by the Legislative Assembly, includes an amount for a petty cash fund, the fund shall
 17 be established and administered as provided in this section.

18 (2) The agency for which a petty cash fund has been authorized may prepare a voucher in the
 19 amount authorized in favor of a person designated by the agency as custodian of its petty cash fund.
 20 A warrant shall be drawn for the amount of the voucher payable out of moneys appropriated for the
 21 expenditures of the agency. The designated custodian shall credit the amount of the warrant to the
 22 petty cash fund.

23 (3) The Oregon Department of Administrative Services may establish regulations governing the
 24 administration of petty cash funds established pursuant to this section.

25 (4) Subject to regulations established by the department:

26 (a) The designated custodian may make disbursements from the petty cash fund only when it is
 27 necessary to make an immediate cash payment which is lawfully payable from moneys appropriated
 28 to the agency.

29 (b) The designated custodian may hold the petty cash fund in cash or may deposit the fund to
 30 the account of the agency in any insured institution or institutions **or credit union** in the state
 31 authorized as a depository of state funds, or may hold part in cash and deposit the remainder.

32 (5) The designated custodian shall periodically submit to the appropriate warrant drawing au-
 33 thority verified reimbursement vouchers properly supported by evidences of disbursements from the
 34 petty cash fund. Upon allowance of the reimbursement vouchers the warrant drawing authority shall
 35 issue a warrant on the State Treasurer, in favor of the designated custodian, payable out of moneys
 36 appropriated for the expenditures of the agency.

37 **SECTION 8.** ORS 285A.274 is amended to read:

38 285A.274. (1) All moneys collected **by**, received by or appropriated to the Oregon Tourism
 39 Commission must be deposited into an account established by the commission in a depository bank
 40 insured by the Federal Deposit Insurance Corporation **or the National Credit Union Share In-**
 41 **insurance Fund.** In a manner consistent with the requirements of ORS chapter 295, the chair of the
 42 commission shall ensure that sufficient collateral secures any amount of funds on deposit that ex-
 43 ceeds the limits of the Federal Deposit Insurance Corporation's **or National Credit Union Share**
 44 **Insurance Fund's** coverage.

45 (2) Subject to the approval of the chair, the commission may invest moneys collected or received

1 by the commission. Investments made by the commission must be limited to investments described
2 in ORS 294.035 (3)(a) to (i).

3 (3) Interest earned on any moneys invested under subsection (2) of this section must be made
4 available to the commission in a manner consistent with the biennial budget of the commission.

5 (4) The commission shall spend state transient lodging tax moneys appropriated to the commis-
6 sion under ORS 320.335 as follows:

7 (a) At least 80 percent must be used to fund state tourism marketing programs.

8 (b) As much as 15 percent must be used to implement a regional cooperative tourism marketing
9 program that:

10 (A) Requires fund allocations to focus on creating new business from out-of-state and interna-
11 tional markets;

12 (B) Utilizes a regional allocation formula that distributes revenue to regions, the boundaries of
13 which are established by the commission, in proportion to the amount of transient lodging tax re-
14 venues collected in each region;

15 (C) Distributes revenue to recipients that are selected by the commission as organizations able
16 to conduct tourism-related marketing for each region;

17 (D) Requires advertising, publications, CD-ROMs, websites, videos and other tourism promotion
18 materials funded through the regional cooperative tourism marketing program to carry the Oregon
19 Tourism Commission logo and marketing tag line; and

20 (E) Encourages funding recipients to incorporate design elements from commission advertising
21 and promotional campaigns, such as fonts, images and other design elements.

22 (5) All moneys in the account that are not state transient lodging tax revenues are continuously
23 appropriated to the commission for the purposes of carrying out the functions of the commission.

24 (6) All expenditures from the account are exempt from any state expenditure limitation.

25 **SECTION 9.** ORS 328.260 is amended to read:

26 328.260. (1) The district school board shall ascertain and levy annually, in addition to all other
27 taxes, a direct ad valorem tax on all the taxable property in the school district, sufficient to pay the
28 maturing interest and principal of all serial school district bonds promptly when and as such pay-
29 ments become due. The amount of the tax may be increased by an amount sufficient to retire any
30 bonds that may be callable. The board shall in each year include the taxes in the school district
31 budget for such year. The taxes shall in each year be certified, extended upon the tax rolls and
32 collected by the same officers in the same manner and at the same time as the taxes for general
33 county purposes.

34 (2) The funds derived from the tax levies may be retained by the county treasurer or county
35 fiscal officer without being paid to the school district or may be held in trust by an insured insti-
36 tution or trust company, as defined in ORS 706.008, **or by a credit union, as defined in ORS**
37 **723.008**, designated by the district to hold the funds. The funds shall be kept in a separate fund to
38 be known as and designated "School District No. _____ Bond Interest and Sinking Fund," which
39 shall be irrevocably pledged to and used solely for the payment of the interest accruing on and the
40 principal of the bonds when due, so long as any of the bonds or the coupons thereto appertaining
41 remain outstanding and unpaid. The interest earnings of the fund shall be credited thereto and be-
42 come a part thereof. For failure to retain and account for such funds, as provided in this section,
43 the county treasurer, county fiscal officer or insured institution, [or] trust company **or credit union**
44 designated by the district shall be liable upon the official bond of the treasurer, other officer or in-
45 stitution, respectively.

1 (3) The fund shall not be diverted or used for any other purpose; but if a surplus remains after
 2 all interest and principal have been paid on all serial school district bonds then outstanding and
 3 unpaid, the surplus may be transferred to such other fund as the district school board may direct.

4 **SECTION 10.** ORS 371.360 is amended to read:

5 371.360. (1) The proceeds of the tax levied and collected for the district shall be deposited in a
 6 bank, [or] banks, **credit union or credit unions** designated by the district board of commissioners.
 7 Such moneys shall be paid out only upon order of the board by checks or drafts signed by the
 8 president and treasurer of the board. All deposits of any district in any bank **or credit union** in
 9 excess of the amount protected by Federal Deposit Insurance Corporation **or National Credit Un-**
 10 **ion Share Insurance Fund** insurance shall be secured by deposit of bonds of the United States.

11 (2) Any moneys on deposit in a county treasury in a special fund of a road district on August
 12 9, 1961, shall be paid to the district board of commissioners for deposit as provided in subsection (1)
 13 of this section.

14 **SECTION 11.** ORS 545.508 is amended to read:

15 545.508. (1) Any irrigation district collecting incurred charges as provided in ORS 545.482 to
 16 545.508 shall deposit all moneys collected in an insured institution, as defined in ORS 706.008, **or**
 17 **in a credit union, as defined in ORS 723.008**, selected by the board of directors. The amounts
 18 collected for operation and maintenance, construction, bond principal, interest or other purposes
 19 shall be kept in separate funds and accounted for separately.

20 (2) Moneys in the funds shall be paid out only upon order of the board by:

21 (a) Checks or drafts signed by at least two individuals authorized by the board to sign checks
 22 or drafts; or

23 (b) Electronic funds transfers authorized by the board and initiated by at least two individuals
 24 authorized by the board.

25 (3) As used in this section, “electronic funds transfer” has the meaning given that term in ORS
 26 293.525.

27 **SECTION 12.** ORS 545.685 is amended to read:

28 545.685. (1) The board of directors of an irrigation district may withdraw from any moneys de-
 29 posited on behalf of the district an amount designated by the board and deposit it in an account
 30 with any insured institution, as defined in ORS 706.008, **or any credit union, as defined in ORS**
 31 **723.008**, that is approved by the board to be maintained in the name of the district for the purposes
 32 set forth in subsection (2) of this section.

33 (2) The account established under this section shall be used for the payment of any claims
 34 arising out of labor and emergency expenses incurred by the district during any month. Moneys may
 35 be withdrawn from the account by:

36 (a) Check or draft signed by at least two individuals authorized to do so by the board of direc-
 37 tors; or

38 (b) Electronic funds transfers authorized by the board and initiated by at least two individuals
 39 authorized by the board.

40 (3) The expenditures made shall be ratified and audited by the board at each regular meeting.

41 (4) As used in this section, “electronic funds transfer” has the meaning given that term in ORS
 42 293.525.

43 **SECTION 13.** ORS 547.125 is amended to read:

44 547.125. (1) The secretary of the board of supervisors in any drainage district shall hold the of-
 45 fice of treasurer of the district, except as otherwise provided in this chapter.

1 (2) The treasurer shall receipt for all moneys received by the treasurer and shall keep all funds
 2 received by the treasurer from any source deposited at all times in [*some*] **an** insured institution or
 3 trust company, as [*those terms are*] defined in ORS 706.008, **or in a credit union, as defined in ORS**
 4 **723.008**, that is designated by the board of supervisors. All interest accruing on such funds shall,
 5 when paid, be credited to the district.

6 (3) The board of supervisors shall audit or have audited the books of the treasurer each year
 7 and make report thereof to the landowners at the annual meeting and publish a statement within
 8 30 days thereafter, showing the amount of money received, the amount paid out during the year, and
 9 the amount in the treasury at the beginning and end of the year.

10 (4) The treasurer shall pay out funds of the district only on warrants signed by the president
 11 of the board and attested by the signature of the secretary and treasurer.

12 (5) The secretary shall receive as compensation for performing the duties of secretary-treasurer
 13 such salary as may be fixed and directed to be paid by resolution of the board.

14 **SECTION 14.** ORS 554.120 is amended to read:

15 554.120. (1) The board of directors shall cause to be kept a well-bound book entitled "Records
 16 of Proceedings of Board of Directors," in which shall be recorded minutes of all meetings, pro-
 17 ceedings, certificates, bonds, and any and all corporate acts, which records shall be at all times open
 18 to the inspection of anyone interested, whether members or creditors.

19 (2) A lien docket shall also be provided, in which, as to every tract of each owner, all assess-
 20 ments or liens shall be charged and all payments shall be credited, and in which interest on any
 21 assessments in arrears shall be charged at time of payment of any installment, to the end that such
 22 record shall show the true condition of all liens and the amount thereof.

23 (3) Except as otherwise provided by ORS 554.160 (2), all money of the corporation shall be de-
 24 posited **in the name of the corporation** with a convenient insured institution or trust company,
 25 as [*those terms are*] defined in ORS 706.008, **or in a credit union, as defined in ORS 723.008.** [*in*
 26 *the name of the corporation, and*] All funds provided to be segregated and held separate shall be so
 27 kept, and an accounting of each of such funds upon the books of the corporation shall be correctly
 28 kept.

29 (4) A warrant register shall be provided in which shall be separately kept a record of all war-
 30 rants issued, the number, date and amount thereof with the name of payee, and the date paid,
 31 showing principal and interest separately. The corporation shall keep a register of all bonds with
 32 a description thereof, the date thereof and when issued, and generally such a record as shall show
 33 all outstanding bonds separately of the several issues and kinds of payments.

34 **SECTION 15.** ORS 554.280 is amended to read:

35 554.280. (1) For the purpose stated in ORS 554.270, the board of directors shall by resolution
 36 determine and declare that the same is to the best interest of the corporation; briefly describe the
 37 purpose and object thereof and the amount of money required therefor; provide for, authorize and
 38 direct issuing the installment coupon obligations, describing and fixing the number of such obli-
 39 gations constituting the series and the denominations thereof; and shall adopt and prescribe the form
 40 and substance of such obligations. Each obligation shall bear the same series designation and be
 41 separately serially numbered, which series designation and serial number shall likewise appear upon
 42 each installment coupon attached. Coupons of each obligation shall be serially numbered in the or-
 43 der of their maturity and shall be so payable at a place designated in the bonds.

44 (2) Interest at a rate determined by the board may be included and amortized for the retirement
 45 of both principal and interest as provided in the resolution and in this section. Every obligation

1 shall recite that it is issued pursuant to such resolution and payable from a fund derived from an-
 2 nual assessments of the lands described in the articles of incorporation for such purpose, the pro-
 3 ceeds of which are pledged for the payment, and that the corporation covenants to levy such
 4 assessments according to law and the resolution in amount sufficient, inclusive of estimated delin-
 5 quencies, to pay the installment coupons thereto attached as they mature.

6 (3) The resolution shall appropriately designate the fund. The board of directors shall thereafter
 7 on or before the time fixed in the bylaws determine and assess the amount necessary to be assessed
 8 at such time for payment of the installment coupons as they mature. Proceeds from such assessment
 9 shall constitute a fund *[which]* **that** is pledged for payment of such obligations. The treasurer shall
 10 segregate and keep separate the proceeds of every assessment for such funds, and shall deposit the
 11 *[same]* **proceeds** in an insured institution, as defined in ORS 706.008, **or in a credit union, as de-**
 12 **defined in ORS 723.008**, in a separate account designating such fund. The district treasurer shall not
 13 disburse the same except as provided in this section.

14 **SECTION 16.** ORS 576.375 is amended to read:

15 576.375. (1) All moneys collected or received by any person from the assessment levied under the
 16 authority of ORS 576.325 and all other moneys received by a commodity commission must be paid
 17 to the authorized agent of the commission and promptly deposited into an account established by the
 18 commission in a depository bank, as defined in ORS 295.005, that is insured by the Federal Deposit
 19 Insurance Corporation **or the National Credit Union Share Insurance Fund**. In a manner con-
 20 sistent with the requirements of ORS chapter 295, the chairperson and vice chairperson for a com-
 21 mission shall ensure that sufficient collateral secures any amount of funds on deposit that exceeds
 22 the limits of the Federal Deposit Insurance Corporation's **or the National Credit Union Share**
 23 **Insurance Fund's** coverage. All moneys in the account are continuously appropriated to the com-
 24 mission making the deposit for the purpose of carrying out the duties, functions and powers of the
 25 commission.

26 (2) Moneys may not be withdrawn from or paid out of the account except upon order of the
 27 commission, and upon checks or other orders upon such accounts signed by the secretary-treasurer
 28 or such other member of the commission as the commission designates and countersigned by such
 29 other member, officer or employee of the commission as the commission designates. The commission
 30 shall keep a receipt, voucher or other written record, showing clearly the nature and items covered
 31 by each check or other order.

32 (3) Subject to approval by the Director of Agriculture, a commission may invest moneys col-
 33 lected or received by the commission. Investments made by a commission are:

34 (a) Limited to investments described in ORS 294.035;

35 (b) Subject to the investments maturity date limitations described in ORS 294.135; and

36 (c) Subject to the conduct prohibitions listed in ORS 294.145.

37 (4) Interest earned from any moneys invested by a commission under subsection (3) of this sec-
 38 tion is available to the commission in a manner consistent with the commission's annual budget.

39 **SECTION 17.** (1) **The amendments to ORS 295.005, 295.008 and 295.025 by sections 1 to 3**
 40 **of this 2007 Act apply to credit unions or federal credit unions authorized to transact busi-**
 41 **ness in this state on or after the effective date of this 2007 Act.**

42 (2) **The amendments to ORS 97.820, 285A.274, 293.180, 295.025, 295.027, 295.105, 328.260,**
 43 **371.360, 545.508, 545.685, 547.125, 554.120, 554.280 and 576.375 by sections 3 to 16 of this 2007**
 44 **Act apply to deposits in credit unions or federal credit unions on or after the effective date**
 45 **of this 2007 Act.**

1 **SECTION 18.** This 2007 Act being necessary for the immediate preservation of the public
2 peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect
3 on its passage.
4
