

A-Engrossed
House Bill 2390

Ordered by the House June 3
Including House Amendments dated June 3

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of State Treasurer Tobias Read)

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.

[Directs State Treasurer to study and make recommendations on provisions of state law relating to depositories of public funds. Requires treasurer to submit report on findings by January 1, 2021.]

Modifies provisions of state law relating to depositories of public funds and administration of public funds.

A BILL FOR AN ACT

Relating to administration of public funds; creating new provisions; amending ORS 182.470, 264.470, 284.365, 292.042, 294.035, 295.001, 295.002, 295.004, 295.006, 295.008, 295.012, 295.013, 295.015, 295.018, 295.022, 295.031, 295.034, 295.037, 295.038, 295.039, 295.041, 295.046, 295.048, 295.053, 295.056, 295.061, 295.071, 295.073, 295.084, 295.091, 295.093, 295.097, 295.101, 295.108, 295.205, 352.135, 377.840, 440.400, 450.090, 478.460, 478.560, 523.660, 551.110, 555.521, 565.539, 576.375, 578.155, 711.410 and 757.738; and repealing ORS 295.009.

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

SECTION 1. ORS 295.001 is amended to read:

295.001. As used in ORS 295.001 to 295.108, unless the context requires otherwise:

(1) "Adequately capitalized" means a **qualified** depository that is classified as adequately capitalized by the depository's primary federal regulatory authority.

(2) [*Bank depository*] "**Bank**" means an insured institution or trust company. [*that:*]

[(a) *Maintains a head office or branch in this state in the capacity of an insured institution or trust company; and*]

[(b) *Complies with ORS 295.008.*]

(3) "Business day" means a day other than a federal or State of Oregon legal holiday or a day other than a day on which offices of the State of Oregon are otherwise authorized by law to remain closed.

(4) "Closed depository" means a [*depository*] **qualified depository** that is subject to a loss.

(5) "**Collateral**" means **securities, or a letter of credit or similar instrument intended to ensure payment, that is approved by the State Treasurer to be used as security to ensure the obligations of a qualified depository under this chapter.**

(6) "**Collateral agreement**" means an agreement entered into between a qualified depository and the State Treasurer under which the qualified depository agrees to provide collateral to secure its deposits of public funds and to comply with the provisions of this chapter

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 **and such other provisions as the State Treasurer determines are required to adequately**
2 **protect public funds from loss.**

3 [(5)] (7) [*Credit union depository*] **“Credit union”** means a credit union as defined in ORS
4 723.006 or a federal credit union if[.]

5 [(a)] the shares and deposits of the credit union or federal credit union are insured by the Na-
6 tional Credit Union **Administration**. [*Share Insurance Fund*.]

7 [(b)] *The credit union or federal credit union maintains a head office or branch in this state in the*
8 *capacity of a credit union or federal credit union; and*

9 [(c)] *The credit union or federal credit union complies with ORS 295.008.*

10 [(6)] (8) **“Custodian”** means **a financial institution that meets the requirements of section**
11 **8 of this 2019 Act**. [*one of the following institutions that a depository designates for the depository’s*
12 *own account*.]

13 [(a)] *The Federal Home Loan Bank designated to serve this state, or a branch of the Federal Home*
14 *Loan Bank; or*

15 [(b)] *An insured institution, trust company or credit union that:*

16 [(A)] *Is authorized to accept deposits or transact trust business in this state;*

17 [(B)] *Complies with ORS 295.008; and*

18 [(C)] *Has been approved by the State Treasurer to serve as a custodian, if the State Treasurer has*
19 *approved custodians under ORS 295.008.*

20 [(7)] (9) **“Custodian’s receipt”** or **“receipt”** means a document issued by a custodian that de-
21 scribes the securities that a **qualified** depository deposited with the custodian to secure public fund
22 deposits.

23 [(8)] (10) **“Depository”** means a bank [*depository*] or a credit union [*depository*] **that is head-**
24 **quartered or has a branch office located in Oregon.**

25 [(9)] (11) **“Financial institution outside this state”** means a financial institution, as defined in
26 ORS 706.008, that is not an extranational institution, as defined in ORS 706.008, and is not a [*bank*
27 *depository or credit union*] depository, as defined in this section.

28 [(10)] (12) **“Insured institution”** means an insured institution as defined in ORS 706.008.

29 [(11)] (13) **“Loss”** means the issuance of an order by a regulatory or supervisory authority or a
30 court of competent jurisdiction that:

31 (a) Restrains a **qualified** depository from making payments of deposit liabilities; or

32 (b) Appoints a receiver for a **qualified** depository.

33 [(12)] (14) **“Maximum liability”** means a sum equal to 10 percent of the greater of:

34 (a) All uninsured public funds deposits held by a **qualified** depository, as shown on the date of
35 the depository’s most recent treasurer report; or

36 (b) The average of the balances of uninsured public funds deposits on the last two immediately
37 preceding treasurer reports.

38 [(13)] (15) **“Minimum collateral requirement”** for a **qualified** depository on any given date means
39 a sum equal to:

40 (a) For a well capitalized **qualified** depository that the State Treasurer has not required to in-
41 crease the **qualified** depository’s collateral pursuant to ORS 295.018, 10 percent of the greatest of:

42 (A) All uninsured public funds held by the **qualified** depository, as shown on the most recent
43 treasurer report;

44 (B) The average of the balances of uninsured public funds held by the **qualified** depository, as
45 shown on the last two immediately preceding treasurer reports; or

1 (C) An amount otherwise prescribed in ORS 295.001 to 295.108.

2 (b) For a well capitalized **qualified** depository that the State Treasurer required to increase the
3 depository's collateral pursuant to ORS 295.018, the percentage the State Treasurer required pur-
4 suant to ORS 295.018 multiplied by the greatest of:

5 (A) All uninsured public funds held by the **qualified** depository, as shown on the most recent
6 treasurer report;

7 (B) The average of the balances of uninsured public funds held by the **qualified** depository, as
8 shown on the last two immediately preceding treasurer reports; or

9 (C) An amount otherwise prescribed in ORS 295.001 to 295.108.

10 (c) For an adequately capitalized **qualified** depository or an undercapitalized **qualified** depository,
11 110 percent of the greater of:

12 (A) All uninsured public funds held by the **qualified** depository; or

13 (B) The average of the balances of uninsured public funds held by the **qualified** depository, as
14 shown on the last two immediately preceding treasurer reports.

15 [(14)] (16) "Net worth" means a **qualified** depository's total risk-based capital, as shown on the
16 immediately preceding report of condition and income, and may include capital notes and debentures
17 that are subordinate to the interests of depositors.

18 [(15)] (17) "Pledge agreement" means a written agreement among [*an insured institution, trust*
19 *company or credit union*] a **qualified depository**, the State Treasurer and a custodian that pledges
20 the securities the [*insured institution, trust company or credit union*] **depository** deposits with the
21 custodian [*as collateral for*] **to secure** deposits of uninsured public funds that the [*insured institution,*
22 *trust company or credit union*] **depository** holds. The board of directors or loan committee of the
23 [*insured institution, trust company or credit union*] **depository** must approve the agreement and must
24 continuously maintain the agreement as a written record of the [*insured institution, trust company*
25 *or credit union*] **depository**.

26 (18) "Public body" has the meaning given that term in ORS 174.109.

27 [(16)] (19) "Public funds" or "funds" means funds that a public official has custody of or [*controls*
28 *by virtue of office*] **has control of by virtue of the exclusive legal right of a public body con-**
29 **ferred through contract or by law to direct the collection, use or transfer of moneys payable**
30 **to, belonging to or collected for the public body, while held by a third party such that the**
31 **failure of the financial institution in which such moneys are deposited would constitute a loss**
32 **of the public body's money.**

33 [(17)] (20) "Public official" means an officer or employee of [*this state or an agency, political*
34 *subdivision or public or municipal corporation of this state, or a housing authority, that by law is the*
35 *custodian of or has control of public funds*] a **public body**.

36 (21) "Qualified depository" means a depository that meets the requirements of ORS
37 295.008.

38 [(18)] (22) "Report of condition and income" means the quarterly report a **qualified** depository
39 submits to the depository's primary federal regulatory authority.

40 [(19)] (23) "Security" or "securities" means:

41 (a) Obligations of the United States, including those of agencies and instrumentalities of the
42 United States, and of government sponsored enterprises;

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

44 (c) Bonds of a state of the United States that:

45 (A) Are rated in one of the four highest grades by a recognized investment service organization

1 that has engaged regularly and continuously for a period of not less than 10 years in rating state
2 and municipal bonds; or

3 (B) Having once been rated in accordance with subparagraph (A) of this paragraph, are ruled
4 to be eligible securities for the purposes of ORS 295.001 to 295.108, notwithstanding the loss of the
5 rating;

6 (d) Bonds of a county, city, school district, port district or other public body in the United States
7 that are payable from or secured by ad valorem taxes and that meet the rating requirement or are
8 ruled to be eligible securities as provided in paragraph (c) of this subsection;

9 (e) Bonds of a county, city, school district, port district or other public body that are issued
10 pursuant to the Constitution or statutes of the State of Oregon or the charter or ordinances of a
11 county or city within the State of Oregon, if the bonds meet the rating requirement or are ruled to
12 be eligible securities as provided in paragraph (c) of this subsection;

13 (f) With the permission of the State Treasurer and in accordance with rules the State Treasurer
14 adopts, loans made to a county, city, school district, port district or other public body in the State
15 of Oregon, if the borrower has not defaulted with respect to the payment of principal or interest on
16 any of the borrower's loans within the preceding 10 years or during the period of the borrower's
17 existence if the borrower has existed for less than 10 years;

18 (g) With the permission of the State Treasurer and in accordance with rules the State Treasurer
19 adopts, bond anticipation notes that an authority issues, sells or assumes under ORS 441.560;

20 (h) Bonds, notes, letters of credit **issued not as assurance of payment or performance but**
21 **as an investment** or other securities or evidence of indebtedness constituting the direct and gen-
22 eral obligation of a federal home loan bank or Federal Reserve bank;

23 (i) Debt obligations of domestic corporations that are rated in one of the three highest grades
24 by a recognized investment service organization that has engaged regularly and continuously for a
25 period of not less than 10 years in rating corporate debt obligations; and

26 (j) Collateralized mortgage obligations and real estate mortgage investment conduits that are
27 rated in one of the two highest grades by a recognized investment service organization that has
28 engaged regularly and continuously for a period of not less than 10 years in rating corporate debt
29 obligations.

30 **(24) "State agency" means any officer, board, commission, department, division or insti-**
31 **tution of state government as that term is defined in ORS 174.111.**

32 [(20)] **(25) "Treasurer report" means a written report that an officer of a qualified depository**
33 **that holds uninsured public funds deposits has signed or authenticated and that sets forth as of the**
34 **close of business on a specified date:**

35 (a) The total amount of uninsured public funds on deposit with the **qualified** depository;

36 (b) The total amount of public funds on deposit with the **qualified** depository;

37 (c) The net worth of the **qualified** depository;

38 (d) The amount and nature of [eligible] collateral [then on deposit with the depository's custodian
39 to collateralize the depository's public funds deposits] **provided**; and

40 (e) The identity of the **qualified** depository's custodian, **if applicable**.

41 [(21)] **(26) "Treasurer report due date" means a date not less than 10 business days after the**
42 **date a qualified depository's report of condition and income is due to be submitted.**

43 [(22)] **(27) "Trust company" means a trust company as defined in ORS 706.008.**

44 [(23)] **(28) "Undercapitalized" means a qualified depository that [the depository's primary federal**
45 **regulatory authority has] is classified as undercapitalized, significantly undercapitalized or critically**

1 undercapitalized by the qualified depository's primary federal regulatory authority.

2 [(24)(a)] (29)(a) "Uninsured public funds" or "uninsured public funds deposits" means public
3 funds deposited in a depository that exceed the amounts insured or guaranteed as described in ORS
4 295.002 [(1)(a) and (b)] (1)(b).

5 (b) "Uninsured public funds" or "uninsured public funds deposits" does not include public funds
6 deposited in a certificate of deposit, [or] time deposit [under ORS 295.004 (1) or public funds that
7 an Oregon depository arranges to deposit into an] or insured deposit account under ORS 295.004
8 [(2)].

9 [(25)] (30) "Value" means the current market value of securities.

10 [(26)] (31) "Well capitalized" means a **qualified** depository that [the depository's primary federal
11 regulatory authority has] is classified as well capitalized by the **qualified depository's primary
12 federal regulatory authority**.

13 **SECTION 2.** ORS 295.002 is amended to read:

14 295.002. (1) [A public official may retain undeposited such reasonable cash working fund as is
15 fixed by the governing body of the political subdivision or public corporation for which the public of-
16 ficial acts. Except to the extent of the cash working fund,] A public official shall deposit, **or require**
17 **the deposit of, all** public funds in the public official's custody or control in one or more **qualified**
18 depositories, **except as follows:** [currently qualified pursuant to ORS 295.001 to 295.108. Unless a
19 depository has entered into the agreement described in ORS 295.008 (2)(b) and has deposited securities
20 pursuant to ORS 295.015 (1), the public official may not have on deposit in any one depository and
21 branches of the depository a sum in excess of:]

22 [(a) The amount insured by the Federal Deposit Insurance Corporation or the National Credit
23 Union Share Insurance Fund; or]

24 [(b) For any amount over the amount insured by the Federal Deposit Insurance Corporation or the
25 National Credit Union Share Insurance Fund, the amount insured or guaranteed by private deposit
26 insurance or a deposit guaranty bond issued by an insurance company rated A- or better by a recog-
27 nized insurance rating service.]

28 (a) **A public official may retain undeposited such reasonable cash working fund as is fixed
29 by the public body for which the public official acts.**

30 (b) **A public official may deposit public funds in a depository that is not a qualified de-
31 pository if the amount of public funds deposited is fully insured by the Federal Deposit In-
32 surance Corporation or the National Credit Union Administration and, for any amount
33 deposited in excess of the insured amount, the excess amount is insured or guaranteed by
34 private deposit insurance or a deposit guaranty bond issued by an insurance company rated
35 A- or better by a recognized insurance rating service.**

36 (2) Compliance with ORS 295.001 to 295.108 relieves the public official of personal liability for
37 the loss of the public funds in the public official's custody or control.

38 **SECTION 3.** ORS 295.004 is amended to read:

39 295.004. (1) A public official may deposit public funds in a depository **that is not a qualified
40 depository** in an amount in excess of the amount allowed in [ORS 295.002 without requiring the
41 depository to show that the depository entered into a pledge agreement or deposited securities pursuant
42 to ORS 295.015 (1)] **ORS 295.002 (1)(b)** if the [public official deposits the funds into a depository in
43 Oregon and the Oregon] depository participates in a program through which:

44 (a) The [Oregon] depository arranges to deposit the funds into one or more certificates of deposit
45 or time deposits issued by other financial institutions in the United States;

1 (b) Each certificate of deposit or time deposit is fully insured by the Federal Deposit Insurance
2 Corporation or the National Credit Union [*Share Insurance Fund*] **Administration**;

3 (c) The [*Oregon*] depository administers the funds on behalf of the public official; and

4 (d) Other financial institutions that participate in the program place funds into the [*Oregon*]
5 depository in an amount at least equal to the amount the public official deposited into the
6 [*Oregon*] depository for purposes of the program.

7 (2) A public official may deposit public funds in a depository **that is not a qualified depository**
8 in an amount in excess of the amount allowed in ORS 295.002 (1)(b) **if the** [*without requiring the*
9 *depository to show that it has entered into a pledge agreement or deposited securities pursuant to ORS*
10 *295.015 (1) if the funds are initially deposited into a depository in Oregon and the Oregon*] depository
11 participates in a program that meets the following conditions:

12 (a) On or after the date that the funds are received, the [*Oregon*] depository:

13 (A) Arranges for the redeposit of the funds into one or more insured deposit accounts in other
14 financial institutions in the United States; and

15 (B) Administers the funds on behalf of the public official;

16 (b) The full amount of the funds redeposited by the [*Oregon*] depository into deposit accounts in
17 other financial institutions, together with any interest accrued on deposited funds, is insured by the
18 Federal Deposit Insurance Corporation or the National Credit Union **Administration** [*Share In-*
19 *urance Fund*]; and

20 (c) On the same date that the funds are redeposited under this subsection, the [*Oregon*] deposi-
21 tory receives an amount of deposits from customers of other financial institutions that are at least
22 equal to the amount of the funds redeposited by the [*Oregon*] depository.

23 (3) Until the [*Oregon*] depository places public funds into one or more certificates of deposit or
24 time deposits as provided in subsection (1) of this section or places public funds into insured deposit
25 accounts as provided in subsection (2) of this section, any uninsured public funds that the [*Oregon*]
26 depository holds pending placement must be collateralized as provided in ORS 295.001 to 295.108 for
27 other uninsured public funds deposits.

28 (4)(a) The provisions of ORS 295.006, 295.013, 295.015, 295.018, 295.037 and 295.038 do not apply
29 to [*Oregon*] depositories that arrange to deposit public funds in accordance with the programs de-
30 scribed in subsections (1) and (2) of this section.

31 [*(b) The provisions of ORS 294.035 and 295.001 that require public funds to be deposited into de-*
32 *positories that have offices or branches in Oregon do not apply to public funds that an Oregon depos-*
33 *itory arranges to deposit into certificates of deposit or time deposits under the provisions of the*
34 *program described in subsection (1) of this section or to public funds that an Oregon depository ar-*
35 *ranges to deposit into insured deposit accounts under subsection (2) of this section.*]

36 **(b) The certificate of deposit, time deposit or insured deposit in which a public official**
37 **placed public funds under this section may be issued by a financial institution outside this**
38 **state.**

39 **SECTION 4.** ORS 295.006 is amended to read:

40 295.006. [(1) A depository shall keep on file with the State Treasurer the name and address of the
41 depository's custodian.]

42 [(2)] (1) A public official shall keep on file with the State Treasurer the name and address of
43 each depository in which the public official deposits public funds, together with any other informa-
44 tion the State Treasurer may require by rule.

45 [(3)] (2) If a public official changes a depository in which the public official deposits public

1 funds, the public official shall report the information regarding the change that is required by rule
2 or required under subsection [(2)] (1) of this section to the State Treasurer within three business
3 days after the effective date of the change.

4 **SECTION 5.** ORS 295.008 is amended to read:

5 295.008. [(1)(a) *An insured institution, trust company or credit union may not be a custodian under*
6 *ORS 295.001 to 295.108 unless the insured institution, trust company or credit union*]

7 **(1) A depository is qualified to hold public funds if the depository:**

8 **(a)** Certifies in writing to the State Treasurer that the [*insured institution, trust company or*
9 *credit union*] **depository** will furnish the reports required under ORS 714.075 to the Director of the
10 Department of Consumer and Business Services[.] **by the time specified by the director and fur-**
11 **nish any other information the director considers necessary to determine whether to advise**
12 **the State Treasurer to order a depository to increase its collateral under ORS 295.018;**

13 [(b) *The State Treasurer may approve one or more insured institutions, trust companies or credit*
14 *unions to serve as custodians. The State Treasurer shall promptly notify all depositories of the ap-*
15 *proval of an insured institution, trust company or credit union to serve as a custodian.*]

16 **(b) Enters into a collateral agreement and, if the depository pledges securities as collat-**
17 **eral, a separate pledge agreement that may be drawn upon by the State Treasurer in the**
18 **event of a loss; and**

19 **(c) Files with the State Treasurer an initial written report, signed by an officer of the**
20 **depository, setting forth, as of the date the depository intends to commence acting as a**
21 **qualified depository:**

22 [(2) *An insured institution, trust company or credit union may not be a depository under ORS*
23 *295.001 to 295.108 unless the insured institution, trust company or credit union:*]

24 [(a) *Certifies in writing to the State Treasurer that the insured institution, trust company or credit*
25 *union will furnish to the Director of the Department of Consumer and Business Services by the time*
26 *the director specifies:*]

27 [(A) *The reports required under ORS 714.075; and*]

28 [(B) *Any other information the director considers necessary to determine whether to advise the*
29 *State Treasurer to order a depository to increase the depository's collateral under ORS 295.018;*]

30 [(b) *Except as provided in subsection (4) of this section, enters into a pledge agreement; and*]

31 [(c) *Complies with subsection (3) of this section.*]

32 [(3) *An insured institution, trust company or credit union that intends to become a depository shall*
33 *file with the State Treasurer an initial written report that an officer of the insured institution, trust*
34 *company or credit union has signed or authenticated and that sets forth, as of the date the insured*
35 *institution, trust company or credit union intends to commence acting as a depository:*]

36 [(a)] **(A)** The estimated total amount of public funds that will be on deposit with the [*insured*
37 *institution, trust company or credit union*] **depository;**

38 [(b)] **(B)** The estimated net worth of the [*insured institution, trust company or credit union*] **de-**
39 **pository;**

40 [(c)] **(C)** The amount and nature of the collateral that the [*insured institution, trust company or*
41 *credit union*] **depository** will [*deposit with a custodian to collateralize*] **provide to secure** the public
42 funds deposits; and

43 [(d) *The identity of the custodian.*]

44 **(D) Other information requested by the State Treasurer to administer this chapter.**

45 [(4) *An insured institution, trust company or credit union may be a depository under ORS 295.001*]

1 to 295.108 without entering into a pledge agreement or complying with subsection (3) of this section if
 2 the insured institution, trust company or credit union does not hold any uninsured public funds de-
 3 posits. The provisions of ORS 295.006, 295.013, 295.015, 295.018, 295.037, 295.038 and 295.061 do not
 4 apply to an insured institution, trust company or credit union that is a depository under this
 5 subsection.]

6 **(2) A qualified depository using collateral that consists of items that are not securities**
 7 **shall provide such evidence as the State Treasurer may require to demonstrate that the**
 8 **collateral is available in the event of a loss for disposition as provided in this chapter.**

9 [(5)] **(3) [An insured institution, trust company or credit union] A depository** that merges with,
 10 acquires all the assets of, acquires ownership of or otherwise becomes a successor entity to a
 11 **qualified** depository that has entered into a [pledge] **collateral** agreement must execute a new
 12 [pledge] **collateral** agreement or provide evidence satisfactory to the State Treasurer that the suc-
 13 cessor [insured institution, trust company or credit union] **depository** has assumed all of the **qualified**
 14 depository's duties and obligations under the existing [pledge] **collateral** agreement. [An insured
 15 institution, trust company or credit union] **A depository** that fails to enter into a [pledge] **collateral**
 16 agreement or provide evidence that the [insured institution, trust company or credit union] **deposi-**
 17 **tory** has assumed the existing [pledge] **collateral** agreement within the time specified by the State
 18 Treasurer shall [be treated as a depository that holds uninsured public funds and that has failed to
 19 pledge adequate collateral under ORS 295.031.] **not be qualified to hold uninsured deposits of**
 20 **public funds.**

21 **SECTION 6. ORS 295.009 is repealed.**

22 **SECTION 7.** ORS 295.012 is amended to read:

23 295.012. For any period of time during which fewer than 10 credit unions are [subject to pledge
 24 agreements with the State Treasurer and a custodian under ORS 295.008,] **qualified depositories**, the
 25 State Treasurer, notwithstanding ORS 295.001 [(12)] **(14)**, by rule may set the maximum liability for
 26 a credit union [depository] **that holds uninsured public funds** at 20 percent of the greater of:

27 (1) All uninsured public funds deposits the credit union [depository] holds, as shown on the date
 28 of the credit [union depository's] **union's** most recent treasurer's report; or

29 (2) The average of the balances of all uninsured public funds deposits the credit union [deposi-
 30 tory] holds, as shown on the credit [union depository's] **union's** last two immediately preceding
 31 treasurer reports.

32 **SECTION 8. (1) A financial institution or a Federal Home Loan Bank may be a custodian**
 33 **for securities pledged by a qualified depository if it:**

34 (a) **Is approved by the State Treasurer;**

35 (b) **Enters into a pledge agreement; and**

36 (c) **Except as provided in subsection (3) of this section, certifies in writing to the State**
 37 **Treasurer that it will furnish the reports required under ORS 714.075 to the Director of the**
 38 **Department of Consumer and Business Services.**

39 **(2) The State Treasurer may adopt rules setting forth additional requirements the State**
 40 **Treasurer determines must be met for a depository to be approved as a custodian under this**
 41 **section.**

42 **(3) A Federal Home Loan Bank may serve as a custodian without meeting the require-**
 43 **ments of subsection (1)(c) this section.**

44 **SECTION 9.** ORS 295.013 is amended to read:

45 295.013. (1) When a custodian receives a pledge or release of securities from a **qualified depos-**

1 itory, and after receiving the approval of the State Treasurer, the custodian shall issue to the State
 2 Treasurer a custodian's receipt that describes the securities. The custodian also shall issue a copy
 3 of the receipt to the depository.

4 (2) A custodian shall:

5 (a) Maintain an accurate inventory of the securities of each **qualified** depository described in
 6 the custodian's receipts that the custodian issues to the State Treasurer and adjust the inventory
 7 to reflect pledges or releases of securities that the custodian previously inventoried.

8 (b) Appraise the value of the securities added to and released from the **qualified** depository's
 9 inventory and appraise the value of the depository's entire inventory on the last day of each month
 10 and at such other times as the State Treasurer directs.

11 (c) Provide reports to the State Treasurer that describe the type and value of each security
 12 pledged by each **qualified** depository and any additional information required by the State Treas-
 13 urer.

14 (3) The State Treasurer, by rule or through individual pledge agreements, may specify:

15 (a) Additional information that must be reported related to the securities pledged;

16 (b) The frequency with which reports required under this section must be provided; and

17 (c) Requirements for distribution of reports to **qualified** depositories or other persons.

18 **SECTION 10.** ORS 295.015 is amended to read:

19 295.015. Except as provided in ORS 295.018:

20 (1)(a) [A *depository*] Throughout the period [*during which the*] **that a qualified** depository pos-
 21 sesses uninsured public funds deposits, **the depository** shall maintain [*on deposit with the*
 22 *depository's custodian,*] **collateral**, at the depository's own expense, [*securities*] that [*have*] **has** a
 23 value at least equal to the depository's minimum collateral requirement and as otherwise prescribed
 24 in ORS 295.001 to 295.108. [*The*] **If the collateral consists of securities, the** depository shall de-
 25 posit the [*collateral*] **securities** with the depository's custodian. [*and the depository and the custodian*
 26 *shall clearly mark the collateral*] **The depository and custodian shall identify the securities in**
 27 **their respective records** as security for public funds deposited in accordance with ORS 295.001 to
 28 295.108.

29 (b) For purposes of this section, when pledged as collateral for public funds deposits, loans de-
 30 scribed in ORS 295.001 [(19)(f)] **(23)(f)** must be discounted to 75 percent of the unpaid principal bal-
 31 ance owing on the loan from time to time, or to a lower value that the State Treasurer determines
 32 from time to time.

33 (c) A bond anticipation note that is pledged as collateral for public funds deposits and for which
 34 there is no readily determinable market value must be discounted to 75 percent of the unpaid prin-
 35 cipal balance owing on the note from time to time, or to a lower value that the State Treasurer
 36 determines from time to time.

37 (2) A **qualified** depository may deposit other eligible securities with the depository's custodian
 38 and release from deposit securities that the depository pledged to secure deposits of public funds if
 39 the remaining securities have a value not less than the depository's minimum collateral requirement.
 40 The State Treasurer shall execute releases and surrender custodian's receipts that are appropriate
 41 to effect pledges and releases of matured and excess pledged securities.

42 (3) If a **qualified** depository's minimum collateral requirement increases because the depository
 43 ceases to be a well capitalized depository as reflected in the depository's last treasurer report, call
 44 report or other public filing, or if the depository receives notice [*from the depository's custodian or*]
 45 from the State Treasurer **that its minimum collateral requirement is increased, the depository**

1 **shall:**

2 (a) Within three business days after the date on which the **qualified** depository's minimum
3 collateral requirement increases, the depository shall notify the depository's custodian and the State
4 Treasurer in writing that the depository's minimum collateral requirement has increased, setting
5 forth the depository's new minimum collateral requirement and the depository's plan for increasing
6 the depository's pledged collateral to the minimum collateral requirement; and

7 (b) Within five business days after the date on which the **qualified** depository's minimum
8 collateral requirement increases, or within a longer period approved by the State Treasurer in co-
9 ordination with the Department of Consumer and Business Services, the depository shall, in ac-
10 cordance with the plan approved by the State Treasurer, [*tender to the depository's custodian*
11 *additional securities that have a value*] **provide additional collateral** sufficient to increase the total
12 value of the depository's securities pledged as collateral for public funds deposits to the depository's
13 new minimum collateral requirement.

14 (4) If a **qualified** depository's minimum collateral requirement decreases because the depository
15 becomes [a] well capitalized [*depository*], or because the State Treasurer no longer requires the de-
16 pository to pledge additional collateral under ORS 295.018, the depository may:

17 (a) Notify the **qualified** depository's custodian, **if any**, and the State Treasurer in writing that
18 the depository's minimum collateral requirement has decreased, setting forth the depository's new
19 minimum collateral requirement; and

20 (b) With the written approval of the State Treasurer, **reduce the value of the qualified**
21 **depository's collateral including a** release from the depository's custodian **of those** securities that
22 exceed the depository's new minimum collateral requirement.

23 (5) The State Treasurer shall act upon requests for releases of securities under subsections (2)
24 and (4)(b) of this section within three business days after receiving each request.

25 **SECTION 11.** ORS 295.018 is amended to read:

26 295.018. (1)(a) [*The State Treasurer may require a depository, during any period when the deposi-*
27 *tory*] **Throughout the period that a qualified depository** possesses uninsured public funds depos-
28 its, **the State Treasurer may require the depository** to maintain **collateral, including securities**
29 on deposit with the depository's custodians, [*securities*] that [*have*] **has** a value not less than 110
30 percent of the greater of:

31 (A) All uninsured public funds the **qualified** depository holds; or

32 (B) The average of the balances of uninsured public funds the **qualified** depository holds, as
33 shown on the last two immediately preceding treasurer reports.

34 (b) In consultation with the Director of the Department of Consumer and Business Services, the
35 State Treasurer may permit a **qualified** depository to increase the depository's collateral as required
36 under paragraph (a) of this subsection over a period of time the State Treasurer specifies or may
37 require a **qualified** depository to increase the depository's collateral to an amount that is less than
38 the amount specified in paragraph (a) of this subsection.

39 (2) The State Treasurer shall order an increase in collateral under subsection (1) of this section
40 if the director so advises. If the **qualified** depository is a national bank, a federally chartered
41 savings bank, a savings and loan association or a federal credit union, in giving advice to the State
42 Treasurer the director may rely exclusively on information that the federal regulatory agencies and
43 the bank, savings bank, association or federal credit union provide to the director on forms the di-
44 rector prescribes. As a condition of being analyzed and reviewed by the director, a national bank,
45 a federally chartered savings bank, a savings and loan association or a federal credit union shall

1 agree and consent to provide the director with accurate, pertinent and timely information.

2 (3) If the State Treasurer orders a **qualified** depository to increase the depository's collateral
3 under subsection (1) of this section, the State Treasurer shall give notice of the order to the director
4 and the [*custodian of the depository*] **depository's custodians** within one business day after issuing
5 the order.

6 (4) The director's failure to inform the State Treasurer of the condition of any **qualified** depos-
7 itory does not give a public depositor any right or impose liability on the director. The State
8 Treasurer is not liable to a public depositor or to a **qualified** depository for increasing or not in-
9 creasing the collateral requirement as authorized in subsection (1) of this section.

10 (5) A **qualified** depository that the State Treasurer notifies of the increased collateral require-
11 ment shall:

12 (a) Within three business days after receiving the notice, submit to the State Treasurer the
13 **qualified** depository's plan to increase the depository's collateral to the level the State Treasurer
14 requires under subsection (1) of this section; and

15 (b) Within five business days after receiving approval of the plan the **qualified** depository sub-
16 mitted under paragraph (a) of this subsection, or within a longer period approved by the State
17 Treasurer in coordination with the Department of Consumer and Business Services, increase the
18 depository's collateral to the level the State Treasurer requires under subsection (1) of this section.

19 (6)(a) If the **qualified** depository does not increase the depository's collateral to the level the
20 State Treasurer requires under subsection (1) of this section within the applicable period under
21 subsection (5)(b) of this section, the State Treasurer shall immediately send, to each public official
22 who has notified the State Treasurer that the public official has public funds on deposit in that de-
23 pository, notice that the depository has failed to comply.

24 (b) If, after giving notice as required by paragraph (a) of this subsection, the State Treasurer
25 receives notice that the **qualified** depository has complied with the increased collateral require-
26 ments, the State Treasurer shall notify each public official that the State Treasurer notified under
27 paragraph (a) of this subsection that the depository has complied.

28 (7) A **qualified** depository that does not comply with subsection (5) of this section may not ac-
29 cept additional uninsured public funds deposits.

30 (8) Records the State Treasurer receives or compiles that contain the collateralization require-
31 ment for a depository and the amount of collateral a custodian holds are exempt from public dis-
32 closure unless the public interest requires disclosure in the particular instance.

33 (9) The State Treasurer may require a **qualified** depository that must increase the depository's
34 collateral under subsection (5) of this section to file the reports required under ORS 295.061 (3).

35 **SECTION 12.** ORS 295.022 is amended to read:

36 295.022. Notwithstanding any other provision of this chapter, when a [*bank, mutual savings bank*
37 *or savings and loan association*] **depository** receives moneys of the Deferred Compensation Fund
38 established under ORS 243.411 from the state for deposit or investment, the [*institution*] **depository**
39 shall not have to maintain the collateral required under this chapter for those deferred compen-
40 sation moneys.

41 **SECTION 13.** ORS 295.031 is amended to read:

42 295.031. (1) Within three business days after the State Treasurer determines that a **qualified**
43 depository has failed to increase the value of the depository's [*securities*] **collateral** within the time
44 required under ORS 295.015 (3)(b) or receives information from the Director of the Department of
45 Consumer and Business Services or other sources under ORS 295.071 or 295.073, or otherwise re-

1 ceives information that indicates that a **qualified** depository has failed to pledge adequate
 2 *[collateral]* **securities** with the depository's custodian **or otherwise provided adequate collateral**,
 3 the State Treasurer shall send written notice of the failure to each public official who has uninsured
 4 public funds on deposit in the depository.

5 (2) Within five business days after the State Treasurer receives a receipt from a custodian pur-
 6 suant to ORS 295.013 (1) that indicates that a **qualified** depository has pledged adequate
 7 *[collateral]* **securities** with the depository's custodian **or satisfactory evidence of other adequate**
 8 **collateral**, the State Treasurer shall send written notice to each public official who was notified
 9 under subsection (1) of this section stating that the depository has adequate collateral.

10 **SECTION 14.** ORS 295.034 is amended to read:

11 295.034. (1) Within 15 business days after a public official receives a notice from the State
 12 Treasurer pursuant to ORS 295.018 (6)(a), 295.031 (1) or 295.061 (4)(a), the public official shall with-
 13 draw from the **qualified** depository to which the notice applies all uninsured public funds deposits.

14 (2) If a public official receives a notice from the State Treasurer pursuant to ORS 295.018 (6)(a),
 15 295.031 (1) or 295.061 (4)(a), beginning 15 business days after the public official receives the notice,
 16 the public official may not deposit into the **qualified** depository to which the notice applies any
 17 public funds that, as a result of the deposit, would be uninsured public funds deposits. The prohibi-
 18 tion on deposits continues until the public official receives notice under ORS 295.018 (6)(b), 295.031
 19 (2) or 295.061 (4)(b) indicating that the depository is in compliance with ORS 295.013, 295.018 or
 20 295.061, as applicable.

21 (3) Except as required by any applicable law or regulation, a **qualified** depository may not im-
 22 pose an early withdrawal penalty or a forfeiture of interest with respect to a withdrawal that a
 23 public official makes pursuant to this section.

24 **SECTION 15.** ORS 295.037 is amended to read:

25 295.037. (1) The **provision of collateral, including the** deposit of securities by a *[bank]* **quali-**
 26 **fied** depository with its custodian pursuant to ORS 295.001 to 295.108, constitutes consent by the
 27 *[bank]* depository to the disposition of the securities in accordance with this section.

28 (2) When a loss has occurred in a *[bank]* **qualified** depository, the *[bank]* depository shall as
 29 soon as possible make payment to the proper public officials of all funds subject to the loss, pursuant
 30 to the following procedures:

31 (a) Immediately upon occurrence of the loss, the State Treasurer shall *[take]* **exercise all of the**
 32 **State Treasurer's rights in the collateral, including without limitation taking** possession of
 33 *[the]* **any** securities segregated as collateral for uninsured public funds deposits held by the closed
 34 depository and *[begin to liquidate]* **beginning to collect payment from** as much of the collateral,
 35 **including without limitation the liquidation of securities**, as the State Treasurer estimates is
 36 necessary, based upon the most recent information available to the State Treasurer on the amount
 37 of uninsured public funds deposits held by the closed depository, for distribution of the proceeds
 38 among public officials entitled to the proceeds as provided in this section.

39 (b) The Director of the Department of Consumer and Business Services or the receiver for the
 40 closed depository shall, within 20 days after the issuance of a restraining order or taking possession
 41 of any *[bank]* **qualified** depository, ascertain the amount of public funds on deposit in the *[bank]*
 42 depository as disclosed by its records and the amount of the public funds covered by deposit insur-
 43 ance or deposit guaranty bonds and certify the amounts to the State Treasurer and to each public
 44 official who has public funds on deposit in the *[bank]* depository.

45 (c) Each public official who has uninsured public funds on deposit in the *[bank]* **qualified** de-

1 pository shall, within 10 days after receipt of the certification from the Director of the Department
2 of Consumer and Business Services or the receiver, furnish to the State Treasurer verified state-
3 ments of the uninsured public funds that the public official has on deposit in the [bank] depository.

4 (3) Upon receipt of the certification from the Director of the Department of Consumer and
5 Business Services or the receiver and the verified statements from the public officials who have
6 uninsured public funds on deposit in the [bank] **qualified** depository, the State Treasurer shall as-
7 certain and fix the amount of public funds on deposit in the [bank] depository, plus interest to the
8 date the funds are distributed to the public official at the rate the [bank] depository agreed to pay
9 on the funds, minus any amount covered by deposit insurance or deposit guaranty bonds.

10 [(4) After making the calculation described in subsection (3) of this section, the State Treasurer
11 shall assess the amount of uninsured public funds against all bank depositories, as follows:]

12 [(a) First, against the closed depository, to the extent of the full value of the proceeds realized from
13 the liquidation of its collateral by the State Treasurer under subsection (2) of this section, plus the
14 treasurer's estimate of the amount of proceeds expected to be received from the collateral still to be
15 liquidated by the State Treasurer; and]

16 [(b) Second, against all of the other bank depositories, on a proportionate basis determined as
17 provided in subsection (5) of this section. The amount assessed against each other bank depository
18 under this paragraph may not exceed the maximum liability of the bank depository.]

19 [(5) For purposes of subsection (4) of this section, the proportionate share of each of the other bank
20 depositories shall be determined by:]

21 [(a) Averaging the total amounts of all uninsured public funds deposits reported on the bank
22 depository's last two treasurer reports;]

23 [(b) Averaging the aggregate total amounts of all uninsured public funds deposits reported on the
24 last two treasurer reports of all of the bank depositories; and]

25 [(c) Dividing the result of the calculation performed under paragraph (a) of this subsection by the
26 result of the calculation performed under paragraph (b) of this subsection.]

27 [(6) Notwithstanding the assessment provisions of subsection (4) of this section, the State Treasurer
28 shall assess the amount of uninsured public funds deposits of a public official only against the closed
29 depository, and not against other bank depositories, if the public official:]

30 [(a) Was given appropriate notice about the closed depository by the State Treasurer under ORS
31 295.018 (6)(a), 295.031 (1) or 295.061 (4)(a) and did not comply with ORS 295.034; or]

32 [(b) Failed to timely comply with the requirements of ORS 295.006 and, as a result of the failure
33 to timely comply, did not receive appropriate notice about the closed depository from the State Treas-
34 urer under ORS 295.018 (6)(a), 295.031 (1) or 295.061 (4)(a).]

35 [(7) The assessment by the State Treasurer against the closed depository shall be payable imme-
36 diately from the proceeds of the collateral delivered to the State Treasurer. Assessments made by the
37 State Treasurer against the other bank depositories are payable on the fifth business day following
38 demand. If any bank depository fails to pay its assessment, the State Treasurer shall take possession
39 of and liquidate the securities segregated as collateral for uninsured public funds deposits held by the
40 bank depository or so much of the securities as is needed to pay the bank depository's assessment.]

41 [(8) The State Treasurer shall distribute the amounts received by the State Treasurer from the as-
42 sessments, to the extent that they do not exceed the total amount of uninsured public funds deposits and
43 accrued interest claimed by the public officials, among the public officials entitled to the proceeds in
44 proportion to the public officials' respective claims.]

45 [(9) If the amounts received by the State Treasurer from the assessments are inadequate, after all

1 other available sources are applied, to meet the total claims of the public officials for the amount of
 2 their uninsured public funds deposits, the public officials may make claims against the closed deposi-
 3 tory as general creditors, but not against any bank depository other than the closed depository.]

4 [(10)(a) If the final amount of proceeds from the liquidation of collateral received by the State
 5 Treasurer from a closed depository exceeds the amount of the assessment against the closed depository
 6 under subsection (4)(a) of this section, the State Treasurer shall pay the amount of the excess to the
 7 closed depository.]

8 [(b) If the final amount of proceeds from the liquidation of collateral received by the State Treas-
 9 urer from other bank depositories exceeds the amount of the assessment against the other bank deposi-
 10 tories under subsection (4)(b) of this section, the State Treasurer shall pay the excess to the other bank
 11 depositories in proportion to the amounts paid to the State Treasurer under their assessments.]

12 [(c) If the final amount of proceeds from the liquidation of collateral received by the State Treas-
 13 urer from a bank depository, other than the closed depository, under subsection (7) of this section ex-
 14 ceeds the amount of the assessment against the bank depository, the State Treasurer shall pay the
 15 excess to the bank depository.]

16 [(11) The prohibition on transfers of assets set forth in ORS 711.410 does not apply to assessments,
 17 payments, transfers or sales of securities made pursuant to this section.]

18 **SECTION 16.** ORS 295.038 is amended to read:

19 295.038. [(1) A credit union depository's deposit of securities with a custodian under ORS 295.001
 20 to 295.108 constitutes the credit union depository's consent to the disposition of the securities in ac-
 21 cordance with this section.]

22 [(2) If a loss occurs in a credit union depository, the credit union depository shall, as soon as
 23 possible, pay to the proper public officials all funds subject to the loss in accordance with the following
 24 procedures:]

25 [(a) Immediately after the loss occurs, the State Treasurer shall take possession of securities that
 26 the closed depository's custodian has segregated as collateral for uninsured public funds deposits of the
 27 closed depository. The State Treasurer shall immediately liquidate as much of the collateral as the
 28 State Treasurer estimates is necessary, based on the most recent information available to the State
 29 Treasurer concerning the amount of uninsured public funds the credit union depository holds, and
 30 distribute the proceeds among public officials entitled to the proceeds as provided in this section.]

31 [(b) The Director of the Department of Consumer and Business Services or a receiver shall, within
 32 20 days after issuing a restraining order or taking possession of the credit union depository, ascertain
 33 from the credit union depository's records the amount of public funds on deposit in the credit union
 34 depository and the amount of public funds that are covered by deposit insurance or deposit guaranty
 35 bonds. The director or the receiver shall certify the amounts to the State Treasurer and to each public
 36 official who has public funds on deposit in the credit union depository.]

37 [(c) Within 10 days after receiving the certification from the director or the receiver, a public offi-
 38 cial who has public funds on deposit in the credit union depository shall furnish to the State Treasurer
 39 verified statements of the public funds that the public official has on deposit in the credit union de-
 40 pository.]

41 [(3) When the State Treasurer receives the certification from the director or the receiver and the
 42 verified statements from the public officials who have public funds on deposit in the credit union de-
 43 pository, the State Treasurer shall ascertain and fix the amount of public funds on deposit in the credit
 44 union depository, plus interest to the date the funds are distributed to the public official at the rate the
 45 credit union depository agreed to pay on the funds, minus any amount that deposit insurance or deposit

1 *guaranty bonds cover.]*

2 [(4)] (1) After making the calculation described in [subsection (3) of this section] **ORS 295.037**,
3 the State Treasurer shall assess the amount of uninsured public funds against [all credit union de-
4 positories] **a collateral pool that consists of collateral provided by all other qualified deposi-**
5 **tories of the same type, either bank or credit union, as the closed depository** as follows:

6 (a) First, against the [credit union] **closed** depository [that suffered the loss], to the extent of the
7 full value of the proceeds from the State Treasurer's liquidation of the [credit union] **closed**
8 depository's collateral under [subsection (2) of this section] **ORS 295.037**, plus the State Treasurer's
9 estimate of the amount of proceeds the State Treasurer expects to receive from collateral the State
10 Treasurer has not yet liquidated; and

11 (b) Second, against all other [credit union] **qualified** depositories on a proportionate basis de-
12 termined as provided in subsection [(5)] (2) of this section. The amount the State Treasurer assesses
13 against another [credit union] **qualified** depository may not exceed the [credit union] depository's
14 maximum liability.

15 [(5)] (2) For purposes of subsection [(4)] (1) of this section, the State Treasurer shall determine
16 the proportionate share of each of the other [credit union] **qualified** depositories **in the collateral**
17 **pool** by:

18 (a) Averaging, for each [credit union] **qualified** depository, the total amounts of all uninsured
19 public funds deposits the [credit union] depository reported on the [credit union] depository's last two
20 treasurer reports;

21 (b) Averaging the aggregate total amounts of all uninsured public funds deposits all [credit
22 union] **qualified** depositories **in the pool** reported on the [credit union] depositories' last two treas-
23 urer reports; and

24 (c) Dividing the result of the calculation performed under paragraph (a) of this subsection by the
25 results of the calculation performed under paragraph (b) of this subsection.

26 (3) **For purposes of the calculations set forth in subsections (1) and (2) of this section,**
27 **"qualified depository" refers only to qualified depositories that are of the same type as the**
28 **closed depository.**

29 [(6)] (4) Notwithstanding the assessment provisions of subsection [(4)] (1) of this section, the
30 State Treasurer shall assess the amount of a public official's uninsured public funds deposits only
31 against the closed depository and not against other [credit union] **qualified** depositories, if the public
32 official:

33 (a) Received appropriate notice about the closed depository from the State Treasurer under ORS
34 295.018 (6)(a) or 295.031 (1) and did not comply with ORS 295.034; or

35 (b) Failed to timely comply with the requirements of ORS 295.006 and, as a result of failing to
36 timely comply, did not receive appropriate notice about the closed depository from the State Treas-
37 urer under ORS 295.018 (6)(a), 295.031 (1) or 295.061 (4)(a).

38 [(7)] (5) Assessments the State Treasurer makes against the closed depository are payable im-
39 mediately from the proceeds of the collateral delivered to the State Treasurer. Assessments the
40 State Treasurer makes against other [credit union] **qualified** depositories are payable on the fifth
41 business day following demand. If a [credit union] **qualified** depository fails to pay an assessment,
42 the State Treasurer shall [take] **exercise the State Treasurer's legal rights to acquire payment**
43 **under the collateral, including taking** possession of and [liquidate the] **liquidating any** securities
44 the [credit union] depository segregated as collateral [for uninsured public funds deposits that the
45 credit union depository holds, or shall liquidate as much of the securities as is necessary to pay the

1 *credit union depository's assessment.*, **in the amount necessary to satisfy the depository's as-**
 2 **essment.**

3 [(8)] (6) The State Treasurer shall distribute the amounts the State Treasurer receives from the
 4 assessments among the public officials entitled to the proceeds in proportion to the public officials'
 5 respective claims, to the extent that the proceeds do not exceed the total amount of uninsured public
 6 funds deposits that the public officials claim.

7 [(9)] (7) If, after all other available sources are applied, the amounts the State Treasurer re-
 8 ceives from the assessments are inadequate to meet the total claims of the public officials to
 9 uninsured public funds deposits, the public officials may make claims against the closed depository
 10 as general creditors, but not against a [*credit union*] **qualified** depository other than the closed de-
 11 pository.

12 [(10)(a)] (8)(a) If the final amount of proceeds the State Treasurer receives from the liquidation
 13 of collateral from a closed depository exceeds the amount of the assessment against the closed de-
 14 pository under subsection [(4)(a)] (1)(a) of this section, the State Treasurer shall pay the amount of
 15 the excess to the closed depository.

16 (b) If the final amount of proceeds the State Treasurer receives from the liquidation of collateral
 17 from other [*credit union*] **qualified** depositories exceeds the amount of the assessment against the
 18 other [*credit union*] **qualified** depositories **in the applicable pool** under subsection [(4)(b)] (1)(b) of
 19 this section, the State Treasurer shall pay the excess to the other [*credit union*] **qualified** deposito-
 20 ries **in the pool** in proportion to the amounts the other [*credit union*] **qualified** depositories **in the**
 21 **pool** paid in assessments to the State Treasurer.

22 (c) If the final amount of proceeds the State Treasurer receives from the liquidation of collateral
 23 from a [*credit union*] **qualified** depository other than the closed depository under subsection [(7)] (5)
 24 of this section exceeds the amount of the assessment against the [*credit union*] depository, the State
 25 Treasurer shall pay the excess to the [*credit union*] depository.

26 [(11)] (9) The prohibition on transfers of assets set forth in ORS 711.410 does not apply to as-
 27 sessments, payments, transfers or sales of securities made in accordance with this section.

28 **SECTION 17.** ORS 295.039 is amended to read:

29 295.039. (1) The State Treasurer may accept moneys from any public or private source[, *includ-*
 30 *ing a credit union or an association of credit unions.*] for the purpose of paying initial or continuing
 31 expenses related to administering the provisions of ORS 295.038.

32 (2) The State Treasurer shall deposit moneys the State Treasurer receives under this section
 33 into the Miscellaneous Receipts Account established for the State Treasurer in the General Fund.
 34 Notwithstanding the provisions of ORS 295.106, moneys the State Treasurer receives under this
 35 section are continuously appropriated to the State Treasurer for the purpose of paying the State
 36 Treasurer's initial or continuing expenses related to administering ORS 295.038. The State Treasurer
 37 shall expend the moneys in accordance with the terms and conditions upon which the moneys were
 38 made available.

39 **SECTION 18.** ORS 295.041 is amended to read:

40 295.041. When the State Treasurer distributes the proceeds of assessments and liquidated
 41 collateral to a public official under ORS [295.037 *or*] 295.038, the State Treasurer is subrogated to
 42 all of the public official's right, title and interest against the closed depository, and shares in any
 43 distribution of the **closed** depository's assets ratably with other depositors. Sums received from a
 44 distribution must be paid to the public official to the extent of any unpaid net deposit liability. The
 45 State Treasurer shall pay the remaining balance to the **qualified** depositories **in the pool** against

1 which the assessments were made, pro rata in proportion to the assessments each **qualified** deposi-
 2 tory paid. However, the closed depository may not share in a distribution of the balance remaining.
 3 The State Treasurer may charge expenses that the State Treasurer incurs in enforcing the State
 4 Treasurer's rights under this section as provided in ORS 295.106. The State Treasurer shall submit
 5 a claim for expenses to the **closed** depository, and if the charges are thereafter paid to the State
 6 Treasurer, they shall be treated as a liquidation expense of the closed depository.

7 **SECTION 19.** ORS 295.046 is amended to read:

8 295.046. (1) A **qualified** depository may not accept a deposit of public funds if the deposit would
 9 cause the aggregate of public funds deposits that any one public official makes in the depository to
 10 exceed at any time the depository's net worth. If a **qualified** depository's net worth is reduced, the
 11 depository may allow public funds on deposit in excess of the reduced net worth to remain if the
 12 depository deposits with the depository's custodian eligible securities, **or provides other collateral**,
 13 valued at market value in an amount at least equal to the amount of the excess public funds de-
 14 posits. If the additional securities required by this section are not deposited with the custodian, **or**
 15 **other collateral is not provided**, the depository shall permit the public official to withdraw de-
 16 posits prior to maturity, including accrued interest, in accordance with applicable statutes and
 17 governmental regulations.

18 (2) The limitations of subsection (1) of this section do not apply to **public funds deposits a**
 19 **qualified depository holds in a certificate of deposit, time deposit or insured deposit account**
 20 **under ORS 295.004.**[.]

21 *[(a) Public funds deposits a depository holds in a certificate of deposit or time deposit under ORS*
 22 *295.004 (1); or]*

23 *[(b) Public funds that an Oregon depository arranges to deposit into an insured deposit account*
 24 *under ORS 295.004 (2).]*

25 **SECTION 20.** ORS 295.048 is amended to read:

26 295.048. (1) Notwithstanding ORS 295.046, a **qualified** depository may not permit the aggregate
 27 of uninsured public funds deposits on deposit with the depository from all public officials to exceed
 28 at any time the least of:

29 (a) 100 percent of the value of the **qualified** depository's net worth, if the depository is an
 30 undercapitalized depository;

31 (b) 150 percent of the value of the **qualified** depository's net worth, if the depository is an ade-
 32 quately capitalized depository;

33 (c) 200 percent of the value of the **qualified** depository's net worth, if the depository is a well
 34 capitalized depository;

35 (d) For a **qualified** *[bank]* depository **that is a bank**, 30 percent of the total aggregate uninsured
 36 public funds deposits of all public officials in all **qualified** *[bank]* depositories **that are banks** as
 37 reported in the most recent notice the *[bank]* depository received from the State Treasurer; or

38 (e) For a **qualified** *[credit union]* depository **that is a credit union**, 30 percent of the total ag-
 39 gregate uninsured public funds deposits of all public officials in all **qualified** *[credit union]* deposi-
 40 tories **that are credit unions** as reported in the most recent notice the *[credit union]* depository
 41 received from the State Treasurer.

42 (2) The State Treasurer shall notify each *[bank depository or credit union]* **qualified** depository,
 43 or the depository's custodian if required by an individual pledge agreement or by rule, of the total
 44 aggregate uninsured public funds deposits of all public officials in all **qualified** *[bank]* depositories
 45 *[or credit union depositories, as appropriate]*, based on the most recently submitted treasurer reports.

1 The State Treasurer shall give the notification required by this subsection by the last day of the
2 month in which the depositories are required to submit a treasurer report.

3 (3) If a **qualified** depository's aggregate of uninsured public funds deposits exceeds the amount
4 set forth in subsection (1) of this section, the depository shall, within three business days after re-
5 ceiving notice from the State Treasurer, cease accepting deposits of uninsured public funds.

6 (4) Notwithstanding subsections (1) and (3) of this section:

7 (a) A **qualified** depository may accept and hold uninsured public funds deposits in excess of the
8 limits specified in subsection (1) of this section if the State Treasurer, upon good cause shown, ap-
9 proves the depository's request to hold uninsured public funds in excess of the limits specified in
10 subsection (1) of this section for a period not exceeding 90 days and eligible [*securities are deposited*
11 *with the depository's custodian as collateral*] **collateral is provided** in an amount at least equal to
12 the amount [*of*] **by which** the uninsured public funds deposits [*that exceeds*] **exceed** the limits spec-
13 ified in subsection (1) of this section. Upon the expiration of the 90-day period, if the depository does
14 not comply with the limits specified in subsection (1) of this section, the depository shall, within
15 three business days after receiving notice from the State Treasurer, cease accepting deposits of
16 public funds.

17 (b) The limits specified in subsection (1) of this section do not apply to public funds deposits a
18 **qualified** depository holds in a certificate of deposit, [*or*] time deposit [*under ORS 295.004 (1)*] or
19 [*public funds that an Oregon depository arranges to deposit into an*] insured deposit account under
20 ORS 295.004 [(2)].

21 (c) A well capitalized **qualified** depository or an adequately capitalized **qualified** depository may
22 accept and hold uninsured public funds deposits that exceed the limit specified in subsection (1)(d)
23 or (e) of this section if eligible [*securities are deposited with the depository's custodian as collateral*]
24 **collateral is provided** in an amount at least equal to the amount [*of*] **by which** the uninsured public
25 funds deposits [*that exceed*] **exceed** the limit specified in subsection (1)(d) or (e) of this section.

26 (5) If the State Treasurer notifies a **qualified** depository that [*it*] **the depository** must cease
27 accepting deposits of public funds under subsection (3) or (4) of this section, the State Treasurer
28 may also notify public officials who have deposited public funds in the depository that within 15
29 business days after the public official receives the notice from the State Treasurer, the public offi-
30 cial must withdraw from the depository to which the notice applies all public funds deposits that
31 exceed the limit specified in subsection (1)(d) or (e) of this section. A public official who is notified
32 by the State Treasurer under this subsection must begin to withdraw funds as specified in the no-
33 tice. Except as required by any applicable law or regulation, a **qualified** depository may not impose
34 an early withdrawal penalty or a forfeiture of interest with respect to a withdrawal made pursuant
35 to this subsection.

36 **SECTION 21.** ORS 295.053 is amended to read:

37 295.053. (1) If a **qualified** depository ceases holding uninsured public funds deposits, the
38 depository's custodian shall continue to hold the depository's pledged securities as collateral pur-
39 suant to ORS 295.001 to 295.108[. *Unless*] **for a period of 30 days after the depository ceases**
40 **holding uninsured public funds deposits, unless** the State Treasurer directs [*that*] the custodian
41 **to** hold the depository's pledged securities for a longer period[, *the custodian shall hold the*
42 *depository's pledged securities for a period of 30 days*].

43 (2) If any of a **qualified** depository's pledged securities [*mature*] **matures, expires or otherwise**
44 **terminates** during the period described in subsection (1) of this section, the depository shall
45 [*pledge*] **provide** substitute securities [*that the depository's custodian shall hold*] **or other collateral**

1 until the period expires.

2 (3) If a **qualified** depository has not held uninsured public funds deposits during the period de-
3 scribed in subsection (1) of this section, at the end of the period the depository's custodian shall
4 [*tender*] **return** the depository's pledged securities to the depository.

5 **SECTION 22.** ORS 295.056 is amended to read:

6 295.056. When public funds deposits are made in accordance with ORS 295.001 to 295.108, a
7 public official may not be held liable for any loss of public funds that results from the failure or
8 default of any **qualified** depository without fault or neglect on the public official's part [*or on the*
9 *part of the public official's officers or employees*].

10 **SECTION 23.** ORS 295.061 is amended to read:

11 295.061. (1) On or before the date on which each treasurer report is due, each **qualified** depos-
12 itory shall file the depository's treasurer report with the State Treasurer using systems and pro-
13 cesses prescribed by the State Treasurer in individual pledge agreements or by rule.

14 (2) Each **qualified** depository that files reports with the State Treasurer under subsection (1)
15 of this section shall notify the State Treasurer in writing or by electronic means within three busi-
16 ness days of:

17 (a) The date on which the **qualified** depository's net worth is reduced by an amount greater than
18 10 percent of the amount shown as the depository's net worth on the most recent report the depos-
19 itory submitted pursuant to subsection (1) of this section; or

20 (b) The date on which the **qualified** depository ceases to be well capitalized and becomes ade-
21 quately capitalized or undercapitalized, or ceases to be adequately capitalized and becomes under-
22 capitalized.

23 (3) An adequately capitalized **qualified** depository or an undercapitalized **qualified** depository
24 shall report to the State Treasurer at least once each week the actual amount of uninsured public
25 funds deposits the depository holds. The depository shall report using systems and processes pre-
26 scribed by the State Treasurer in individual pledge agreements or by rule.

27 (4)(a) If a **qualified** depository fails to file the reports or provide the notices required under this
28 section or fails to file the notices or reports required under ORS 295.018, the State Treasurer shall
29 send a notice to each public official who has uninsured public funds on deposit in the depository that
30 the depository failed to comply.

31 (b) If, after giving notice under paragraph (a) of this subsection, the State Treasurer receives
32 notice that the **qualified** depository has filed the required reports or provided the required notices,
33 the State Treasurer may notify each public official who was notified under paragraph (a) of this
34 subsection that the depository has complied.

35 (5) If a **qualified** depository fails to comply with this section, the depository shall, within three
36 business days after receiving notice from the State Treasurer, cease accepting deposits of uninsured
37 public funds.

38 **SECTION 24.** ORS 295.071 is amended to read:

39 295.071. (1) The State Treasurer may request that the Director of the Department of Consumer
40 and Business Services or another state or federal agency with primary regulatory authority over a
41 financial institution that is a **qualified** depository or that applies to become a **qualified** depository
42 investigate and report to the State Treasurer concerning the condition of the financial institution.

43 (2) The financial institution examined under this section shall pay the expenses of the investi-
44 gation and report.

45 (3) In lieu of an investigation and report, the State Treasurer may rely upon information that

1 the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the National Credit
 2 Union Administration, the Federal Deposit Insurance Corporation, [*the National Credit Union Share*
 3 *Insurance Fund,*] the Board of Governors of the Federal Reserve System or a state bank, thrift or
 4 credit union regulatory agency makes available to the State Treasurer or to the Director of the
 5 Department of Consumer and Business Services.

6 **SECTION 25.** ORS 295.073 is amended to read:

7 295.073. The Director of the Department of Consumer and Business Services shall advise the
 8 State Treasurer in writing of any action the director takes or directs a **qualified** depository to take
 9 that will reduce the depository's net worth by more than 10 percent as shown on the most recent
 10 treasurer report submitted pursuant to ORS 295.061.

11 **SECTION 26.** ORS 295.084 is amended to read:

12 295.084. **In the exercise of the powers and duties conferred under ORS 293.875,** the State
 13 Treasurer [*may*] **shall** designate [*such banks and credit unions within this state as are necessary as*
 14 *depositories*] **those depositories or qualified depositories that may be used by state agencies** for
 15 collecting drafts, checks, certificates of deposit and coupons [*the State Treasurer receives on account*
 16 *of any claim due the state*] **in satisfaction of a payment obligation owed to the state agency.**

17 **SECTION 27.** ORS 295.091 is amended to read:

18 295.091. (1) A public official need not deposit public funds in a depository in a particular local-
 19 ity, but the public official shall give preference to a depository [*that is qualified to receive the public*
 20 *funds and*] that is engaged in business at an office within the corporate limits of the public official's
 21 [*political subdivision or public corporation*] **public body.** If more than one local [*qualifying*] deposi-
 22 tory exists, the public official shall apportion the public funds among the local [*qualifying*] deposi-
 23 tories in a manner that is equitable and in the best interests of the [*political subdivision or public*
 24 *corporation*] **public body.**

25 (2) The depositories shall pay interest to the [*political subdivision or public corporation*] **public**
 26 **body** for deposits evidenced by certificates of deposit or deposits that by agreement may not be
 27 withdrawn on less than 30 days' notice, at the rate or rates upon which the [*governing body of the*
 28 *political subdivision or public corporation*] **public body** and the depository agree.

29 (3) Interest received on deposits of moneys under this section accrues to and becomes a part
 30 of the fund the moneys of which were deposited.

31 (4) This section does not apply to the State Treasurer.

32 **SECTION 28.** ORS 295.093 is amended to read:

33 295.093. Any public official may deposit moneys coming into the hands of the public official in
 34 connection with official duties with the treasurer of the [*political subdivision or public corporation*]
 35 **public body** concerned and obtain a receipt therefor.

36 **SECTION 29.** ORS 295.097 is amended to read:

37 295.097. [(1) *Notwithstanding any provision of ORS 295.001 to 295.108, and subject to subsection*
 38 *(2) of this section, with the written approval of the State Treasurer, a state agency may enter into*
 39 *agreements with third parties to facilitate through the use of electronic commerce the sale of public*
 40 *property, the collection of amounts owed to a state agency or the transaction of other state agency*
 41 *business.*]

42 [(2) *The State Treasurer may approve an agreement under subsection (1) of this section only if the*
 43 *State Treasurer determines that a depository cannot provide, in a cost-effective manner, the service that*
 44 *is the subject of the proposed agreement.*]

45 [(3) *The State Treasurer may establish procedures, standards and related requirements under ORS*

1 293.875 that the State Treasurer considers necessary to implement this section.]

2 [(4) As used in this section, "state agency" means any officer, board, commission, department, di-
3 vision or institution of state government, as that term is defined in ORS 174.111.] **With the written**
4 **approval of the State Treasurer, a state agency may enter into an agreement with a third**
5 **party under which the third party facilitates the receipt, collection, transfer, disbursement**
6 **or payment of public funds and temporarily holds or deposits public funds. A state agency**
7 **may use alternative methods to those set forth in this chapter to secure public funds that**
8 **are collected, deposited or transferred by a third party, if the methods collateralize the public**
9 **funds at 100 percent and the State Treasurer approves the methods by rule or policy that**
10 **sets forth how the methods are intended to protect public funds from loss by the third party**
11 **and by any financial institution used by the third party. The State Treasurer may establish**
12 **rules, procedures, standards and related requirements that the State Treasurer considers**
13 **necessary to implement this section.**

14 **SECTION 30. (1) A public official who enters into an agreement with a third party, under**
15 **which the third party facilitates the receipt, collection, transfer, disbursement or payment**
16 **of public funds and temporarily holds or deposits public funds, may use alternative methods**
17 **to those set forth in this chapter to secure public funds that are held or deposited by the**
18 **third party if the methods meet the following requirements:**

19 (a) **The alternative methods must be approved by an official action of the governing body**
20 **or appropriate public official of the public body. The official action must include findings by**
21 **the governing body or public official describing any financial institution used by the third**
22 **party and how the alternative methods will protect public funds from loss by the third party;**
23 **and**

24 (b) **The alternative methods must be designed so that the public funds are fully secured**
25 **while held or deposited by the third party and until the funds are remitted to the public body.**
26 **A public official shall calculate the minimum amount of collateral required of a third party**
27 **as follows:**

28 (A) **For the initial calendar quarter of the agreement, the public official shall calculate**
29 **the minimum amount of collateral to equal a reasonable estimate of the highest amount of**
30 **public funds that the third party is expected to hold or deposit unremitted at any time within**
31 **the initial calendar quarter.**

32 (B) **Within the first month of each calendar quarter subsequent to the initial calendar**
33 **quarter of the agreement, the public official shall recalculate the minimum amount of**
34 **collateral to equal a reasonable estimate of the highest amount of public funds that the third**
35 **party is expected to hold or deposit unremitted at any time within the current calendar**
36 **quarter based on factors that must include but are not limited to:**

37 (i) **The highest amount of public funds that the third party held or deposited unremitted**
38 **at any time on any day within the preceding calendar quarter; and**

39 (ii) **Any reasonably expected increase or decrease in the amount of public funds the third**
40 **party is expected to hold or deposit within the current calendar quarter.**

41 (2) **If the State Treasurer prepares a model policy related to acceptable alternative**
42 **methods as described in subsection (1) of this section, a governing body may adopt all or part**
43 **of the model policy.**

44 (3) **This section does not apply to a public body that is a state agency.**

45 (4) **As used in this section, "collateral" means cash or a letter of credit or similar in-**

1 **strument intended to ensure payment, approved by a governing body or appropriate public**
2 **official of a public body, to be used as security to ensure the obligations of a third party.**

3 **SECTION 31.** ORS 295.101 is amended to read:

4 295.101. (1) The following public funds are not subject to the provisions of ORS 295.001 to
5 295.108:

6 (a) Funds that are deposited for the purpose of paying principal, interest or premium, if any, on
7 bonds, as defined in ORS 286A.001 and 287A.001, and related costs or securing a borrowing related
8 to an agreement for exchange of interest rates entered into under ORS 286A.110 or 287A.335.

9 (b) Funds that are invested in authorized investments under provisions of law other than ORS
10 295.001 to 295.108. Funds invested under ORS 293.701 to 293.857 are invested in authorized invest-
11 ments for purposes of this subsection from the time the funds are transferred by the State Treasurer
12 to a third party under the terms of a contract for investment or administration of the funds that
13 requires such a transfer until the time the funds are returned to the treasurer or paid to another
14 party under the terms of the contract.

15 (c) Negotiable certificates of deposit purchased by the State Treasurer under ORS 293.736 or
16 by an investment manager under ORS 293.741.

17 *[(d) Funds that are held by a public official and are required by federal law or contractual pro-*
18 *visions to be collateralized at 100 percent, if the funds are deposited in an account that is separate from*
19 *other accounts of the public official in a depository, and the public official and the depository have*
20 *entered into a written agreement that provides a perfected security interest to the public official in*
21 *collateral valued at an amount at least equal to the amount of funds in the account in a manner sub-*
22 *stantially similar to a pledge agreement described in ORS 295.001 (15).]*

23 **(d) Funds that are held by a public official as required by federal law, a judicial or regu-**
24 **latory order, settlement agreement, consent decree or similar arrangement. To the extent**
25 **allowed by such federal law, order, agreement, decree or arrangement, the public official**
26 **shall require the funds to be protected in a manner consistent with the provisions of this**
27 **chapter.**

28 **(e) Funds that are held pursuant to a contract with provisions that require the funds to**
29 **be collateralized at 100 percent, if the funds are deposited into an account that is separate**
30 **from other accounts of the holder of the funds and the public official and the financial in-**
31 **stitution in which the funds are deposited have entered into a written agreement that pro-**
32 **vides a perfected security interest to the public official in collateral valued at an amount at**
33 **least equal to the amount of funds in the account, in a manner substantially similar to a**
34 **pledge agreement described in ORS 295.001 (17).**

35 **(f) Funds that are held by a trustee or escrow agent, whether commingled with other**
36 **moneys or in a segregated account, if the trust or escrow agreement provides for collateral**
37 **or other methods that may be used to secure the moneys that comply with rules or policies**
38 **adopted by the State Treasurer to protect the funds from loss by the financial institution in**
39 **which they are deposited.**

40 (2) Notwithstanding subsection (1) of this section, funds deposited by a custodial officer under
41 ORS 294.035 (3)(d) are subject to the provisions of ORS 295.001 to 295.108.

42 **SECTION 32.** ORS 295.108 is amended to read:

43 295.108. (1) The State Treasurer shall adopt rules to implement the provisions of ORS 295.001
44 to 295.108[.], **including without limitation:**

45 **(a) Rules describing permitted forms of collateral and the valuation of collateral;**

1 **(b) Requirements that must be met by financial institutions and other third parties out-**
2 **side this state to hold public funds;**

3 **(c) Fees paid by qualified depositories or custodians; and**

4 **(d) Reporting by depositories, qualified depositories and custodians.**

5 (2) The State Treasurer shall design the treasurer report required by ORS 295.061 to minimize
6 the regulatory burden of completing and submitting the report and, to the greatest extent practica-
7 ble, to make the form of the report and the content required in the report consistent with the in-
8 formation required by the **qualified** depository's report of condition and income.

9 **SECTION 33.** ORS 295.205 is amended to read:

10 295.205. (1) Notwithstanding any other law:

11 (a) The State Treasurer may establish demand deposit accounts in financial institutions outside
12 this state for the purpose of accepting deposits of funds related to state investments in the ge-
13 ographical areas that the financial institutions serve.

14 (b) Moneys that a financial institution or other entity receives or collects under an agreement
15 to provide loan servicing for a state agency[, *political subdivision or public corporation*] **or public**
16 **body** may be deposited in accounts in financial institutions outside this state for the purpose of:

17 (A) Accepting payments of loan principal and interest;

18 (B) Accepting and holding escrow funds;

19 (C) Accepting and holding funds required to be held in reserve with or on behalf of the state
20 agency[, *political subdivision or public corporation*] **or public body**; or

21 (D) Collecting and holding other moneys the financial institution must collect and hold for loan
22 servicing under the agreement before remitting the moneys to the state agency, [*political subdivision*
23 *or public corporation*] **public body** or a third party.

24 (c) [*Moneys*] **Public funds held by** a trustee or escrow agent [*holds*] pursuant to a **trust**
25 **agreement**, bond indenture, certificate of participation indenture, [*or*] escrow agreement **or similar**
26 **agreement** with a state agency[, *political subdivision or public corporation in this state that are*
27 *public funds, as defined in ORS 295.001,*] **or public body** may be deposited in accounts in financial
28 institutions outside this state.

29 (2) The State Treasurer shall establish the demand deposit accounts described in subsection
30 (1)(a) of this section in accordance with rules adopted pursuant to ORS 183.310 to 183.410 that en-
31 sure that reasonable and prudent measures are taken to protect state investment funds from loss.

32 (3) When accounts are established for a state agency[, *political subdivision or public*
33 *corporation*] **or public body** under subsection (1)(b) or (c) of this section, the state agency[, *political*
34 *subdivision or public corporation*] **or public body** [*in the agreement to provide loan servicing or the*
35 *bond indenture, certificate of participation indenture or escrow agreement shall ensure*] **shall require**
36 **in the relevant agreement or indenture** that reasonable and prudent measures are taken to pro-
37 tect the moneys in the accounts from loss.

38 (4) As used in this section, the terms "financial institution outside this state" and [*"public offi-*
39 *cial"*] **"public body"** have the meanings given those terms in ORS 295.001.

40 **SECTION 34.** ORS 182.470 is amended to read:

41 182.470. (1) Notwithstanding ORS 670.335, except where otherwise specifically provided by stat-
42 ute pursuant to ORS 182.462 (1)(e), all moneys collected or received by a board, placed to the credit
43 of that board and remaining unexpended and unobligated on the date that the board is established
44 as a semi-independent state agency, and all moneys collected or received by a board after the date
45 that the board is established as a semi-independent state agency, must be deposited into an account

1 established by that board [*in a depository insured by the Federal Deposit Insurance Corporation or*
2 *the National Credit Union Share Insurance Fund. In a manner consistent with the requirements of*
3 *ORS 295.001 to 295.108, the chairperson, president or administrator of a board shall ensure that suf-*
4 *ficient collateral secures any amount of funds on deposit that exceeds the limits of the coverage of the*
5 *Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund.*] **in ac-**
6 **cordance with ORS 295.001 to 295.108.** All moneys in the account are continuously appropriated
7 to the board making the deposit for the purpose of carrying out the functions of the board.

8 (2) Subject to the approval of the chairperson, president or administrator, a board may invest
9 moneys collected or received by the board. Investments made by a board are:

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

11 (b) Subject to the investment maturity date limitations described in ORS 294.135; and

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

13 (3) Interest earned from any accounts invested under subsection (2) of this section shall be made
14 available to a board in a manner consistent with the board's annual budget.

15 (4) Subject to the approval of the chairperson, president or administrator, all necessary board
16 expenses shall be paid from the moneys collected or earned by a board.

17 [(5) *As used in this section, "depository" has the meaning given that term in ORS 295.001.*]

18 **SECTION 35.** ORS 264.470 is amended to read:

19 264.470. (1) The money of a district shall be deposited in one or more **qualified** depositories, as
20 defined in ORS 295.001, to be designated by the board of commissioners. The money shall be with-
21 drawn or paid out only when previously ordered by vote of the board, and upon checks signed by
22 the treasurer or such other person as may be authorized by resolution of the board. Receipts or
23 vouchers, showing clearly the nature and items covered by each check drawn, shall be kept on file.

24 (2) All the proceedings of the board of commissioners shall be entered at large in a record book.
25 All books, maps, plans, documents, correspondence, vouchers, reports and other papers and records
26 pertaining to the business of the district shall be carefully preserved and shall be open to inspection
27 as public records.

28 **SECTION 36.** ORS 284.365 is amended to read:

29 284.365. (1) All moneys collected, received or appropriated to the Oregon Film and Video Office
30 shall be deposited in an account established in [*a depository insured by the Federal Deposit Insurance*
31 *Corporation or the National Credit Union Share Insurance Fund. In a manner consistent with the re-*
32 *quirements of ORS 295.001 to 295.108, the chairperson of the Film and Video Board shall insure that*
33 *sufficient collateral secures any amount of funds on deposit that exceeds the limits of the coverage of*
34 *the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund.*] **ac-**
35 **cordance with ORS 295.001 to 295.108.** Subject to approval by the chairperson, the board may
36 invest moneys collected or received by the office. Investments made by the board are limited to the
37 types of investments listed in ORS 294.035 (3)(a) to (i). Interest earned from any amounts invested
38 must be made available to the office in a manner consistent with the biennial budget approved by
39 the board.

40 (2) Subject to the approval of the director of the office, all necessary expenses of the office and
41 the board must be paid from the moneys collected, appropriated or earned by the office.

42 (3) The office shall adopt a budget on a biennial basis using the classifications of expenditures
43 and revenues required by ORS 291.206 (1). The budget is not subject to review and approval by the
44 Legislative Assembly or to modification by the Emergency Board or the Legislative Assembly.
45 However, the budget must be included in the biennial report required by ORS 284.335 (5).

1 (4) The board shall adopt a budget only after holding a public hearing on the proposed budget.
 2 At least 15 days prior to any public hearing on the proposed budget, the board shall give notice of
 3 the hearing to all persons known to be interested in the proceedings of the board and to any person
 4 who requests notice.

5 (5) All expenditures from the account established for the office under subsection (1) of this sec-
 6 tion are exempt from any state expenditure limitation. The office shall follow generally accepted
 7 accounting principles and keep such financial and statistical information that is necessary to com-
 8 pletely and accurately disclose the financial condition and financial operations of the office as may
 9 be required by the Secretary of State.

10 *[(6) As used in this section, "depository" has the meaning given that term in ORS 295.001.]*

11 **SECTION 37.** ORS 292.042 is amended to read:

12 292.042. (1) Notwithstanding the provisions of ORS 292.039 or any other law, any state official
 13 authorized to disburse funds in payment of salaries or wages of state officers or employees is au-
 14 thorized, upon written request of state officers or employees to whom salaries and wages are to be
 15 paid, and may pay the same to any financial institution designated by the officers or employees for
 16 credit to their accounts. A single payment may be issued in favor of such financial institution, for
 17 the total amount due the officers or employees involved, and written directions provided to such fi-
 18 nancial institution of the amount to be credited to the account of each officer or employee. *[Finan-*
 19 *cial institutions permitted to participate in the payroll program shall be those only which are qualified*
 20 *state depositories as provided by ORS 295.001 to 295.108.]*

21 (2) The issuance and delivery by the disbursing officer of a payment in accordance with the
 22 procedure set forth in subsection (1) of this section and proper acceptance thereof by the financial
 23 institution shall constitute full acquittance for the amount due to the officer or employee.

24 **SECTION 38.** ORS 352.135 is amended to read:

25 352.135. (1) All moneys collected or received by a public university listed in ORS 352.002, placed
 26 to the credit of the governing board of the public university and remaining unexpended and unobli-
 27 gated on July 1, 2014, or the date that the board is established, whichever is later, and all moneys
 28 collected or received by a public university after that date, may be:

29 (a) Deposited into one or more accounts established by the board in depositories insured by the
 30 Federal Deposit Insurance Corporation or the National Credit Union *[Share Insurance Fund]* **Ad-**
 31 **ministration**, and the governing board shall ensure that sufficient collateral secures any amount
 32 of funds on deposit that exceeds the limits of the coverage of the Federal Deposit Insurance Cor-
 33 poration or the National Credit Union *[Share Insurance Fund]* **Administration**; or

34 (b) Held, kept, pledged, controlled, conveyed, managed, used, loaned, expended and invested as
 35 set forth in ORS 352.087 and 352.102.

36 (2) Upon a request by the State Treasurer, a public university listed in ORS 352.002 shall enter
 37 into a written agreement with the state that provides for the State Treasurer to receive, hold, keep,
 38 manage and invest any amounts under the control of the university that the State Treasurer deter-
 39 mines should be held by the State Treasurer to provide for payment of state bonds and other state
 40 obligations that are to be paid from appropriations described in ORS 352.089 (4), revenues of the
 41 university or other moneys under the control of the university. The agreement may, at the request
 42 of the State Treasurer, require the university to pay the costs incurred by the State Treasurer in
 43 connection with entering into and carrying out the agreement.

44 (3) Upon a request by a public university listed in ORS 352.002, the State Treasurer may receive,
 45 hold, keep, manage and invest any or all moneys, appropriations, gifts, bequests or revenues of the

1 university from any source in accordance with an agreement entered into between the State Treas-
2 urer and the university and with the policies and procedures established by the State Treasurer,
3 including the recoupment of costs incurred by the State Treasurer in carrying out these tasks.

4 (4) As used in this section, “depository” has the meaning given that term in ORS 295.001.

5 **SECTION 39.** ORS 377.840 is amended to read:

6 377.840. (1) All moneys collected, borrowed or received by the Travel Information Council shall
7 be deposited into a Travel Information Council account established [*in a depository insured by the*
8 *Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund. In a*
9 *manner consistent with the requirements of ORS 295.001 to 295.108, the council shall insure that suf-*
10 *ficient collateral secures any amount of funds on deposit that exceeds the limits of the coverage of the*
11 *Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund.*] **in ac-**
12 **cordance with ORS 295.001 to 295.108.** The council may invest moneys collected, borrowed or re-
13 ceived by the council. Investments made by the council are limited to the types of investments
14 listed in ORS 294.035. Interest earned from any amounts invested shall be made available to the
15 council in a manner consistent with the council’s approved biennial budget.

16 (2) Subject to the approval of the Travel Information Council or the executive director of the
17 Travel Information Council, all necessary council expenses shall be paid from the moneys collected,
18 borrowed or earned by the council.

19 (3) Upon approval of a majority of the Travel Information Council, the executive director may
20 borrow money. The council may not borrow an amount that exceeds the estimated revenues from
21 amounts collected, received or earned by the council for the year.

22 (4) The Travel Information Council may not borrow money under subsection (3) of this section
23 unless the indebtedness or other obligations of the council attributable to the borrowing are payable
24 solely out of the council’s own resources. Such indebtedness or other obligations of the council do
25 not constitute a pledge of the full faith and credit of the State of Oregon or any of the revenues of
26 this state.

27 (5)(a) The Travel Information Council shall adopt a budget on a biennial basis using the classi-
28 fications of expenditures and revenues required by ORS 291.206 (1). However, the budget shall not
29 be subject to review and approval by the Legislative Assembly or to future modification by the
30 Emergency Board or Legislative Assembly.

31 (b) The Travel Information Council shall adopt a budget only after a public hearing thereon.
32 At least 15 days prior to any public hearing on the budget, the council shall give notice of the
33 hearing to all persons known to be interested in the proceedings of the council and to any person
34 who requests notice.

35 (6) All expenditures from the Travel Information Council account are exempt from any state
36 expenditure limitation. The Travel Information Council shall follow generally accepted accounting
37 principles and keep such other financial and statistical information as may be necessary to com-
38 pletely and accurately disclose the financial condition and financial operations of the council as may
39 be required by the Secretary of State.

40 (7) The Secretary of State shall conduct an annual financial review of the moneys collected,
41 borrowed or received by the Travel Information Council and the expenditure of those moneys. The
42 Secretary of State may:

43 (a) Contract for the financial review with an independent certified public accountant; or

44 (b) Accept a financial review conducted by an independent certified public accountant.

45 [(8) As used in this section, “depository” has the meaning given in ORS 295.001.]

1 **SECTION 40.** ORS 440.400 is amended to read:

2 440.400. (1) Except as otherwise provided by subsections (3) and (4) of this section, all [*money*]
3 **moneys** of a health district shall be deposited in [*one or more depositories, as defined in ORS*
4 295.001,] **accordance with ORS 295.001 to 295.108**, as designated by the district board. [*It*] **Moneys**
5 shall be withdrawn or paid out only when previously ordered by resolution or vote of the board, and
6 upon checks signed as provided by subsection (2) of this section. Receipts or vouchers, showing
7 clearly the nature and items covered by each check drawn, shall be kept on file.

8 (2) Except for checks issued in accordance with subsection (3) of this section, checks of a dis-
9 trict shall be signed:

10 (a) By the treasurer and countersigned by the chairperson, or in the absence or inability of the
11 chairperson to act, by the secretary; or

12 (b) By an administrative employee of the district designated by the board of directors, and
13 countersigned by a director of the district.

14 (3) The district board may, by resolution:

15 (a) Set aside specified amounts from [*money*] **moneys** available for operating the district hospital
16 facility; and

17 (b) Delegate to an administrative officer of the district in charge of the hospital facility the
18 authority to approve specified claims for expenses previously authorized by the board and to issue
19 and sign checks in payment thereof.

20 (4) Moneys of a health district may be invested as provided by ORS 294.035 and 294.040.

21 **SECTION 41.** ORS 450.090 is amended to read:

22 450.090. [*Funds*] **Moneys** of the district may be deposited[, *at the discretion of the district board,*
23 *in one or more depositories, as defined in ORS 295.001,*] **in accordance with ORS 295.001 to 295.108**
24 **and as** [*to be*] designated by the district board. [*Funds deposited in a depository*] **Moneys** shall be
25 withdrawn or paid out only upon proper order and warrant or check signed by the president and
26 countersigned by the secretary. The order shall:

27 (1) Specify the name of the person to whom the moneys are paid;

28 (2) Specify the fund from which the moneys are paid;

29 (3) State generally the purpose for which the moneys are paid; and

30 (4) Be entered in the minutes of the board.

31 **SECTION 42.** ORS 478.460 is amended to read:

32 478.460. Funds collected on behalf of the district through the levy of taxes, all donations, con-
33 tributions, bequests or annuities and all borrowed [*money*] **moneys** received by or on behalf of the
34 district shall be deposited in [*one or more depositories, as defined in ORS 295.001, to be*] **accordance**
35 **with ORS 295.001 to 295.108 and as** designated by the board. Funds shall be drawn out only upon
36 proper order and warrant or check, bearing the signature of those persons authorized to sign war-
37 rants or checks by resolution of the board.

38 **SECTION 43.** ORS 478.560 is amended to read:

39 478.560. Funds accruing to a district, located in two or more counties, from any source shall be
40 deposited in [*one or more depositories, as defined in ORS 295.001, whose deposits are insured pursuant*
41 *to federal statute*] **accordance with ORS 295.001 to 295.108** and shall be drawn out only upon proper
42 order and warrant or check bearing the signature of those persons authorized to sign warrants or
43 checks by resolution of the board.

44 **SECTION 44.** ORS 523.660 is amended to read:

45 523.660. (1) [*The money*] **Moneys** of a district shall be deposited in [*one or more depositories, as*

1 *defined in ORS 295.001, to be] accordance with ORS 295.001 to 295.108 and as* designated by the
2 board of commissioners. [*The money*] **Moneys** shall be withdrawn or paid out only when previously
3 ordered by vote of the board, and upon checks signed by the treasurer or such other person as may
4 be authorized by resolution of the board. Receipts or vouchers, showing clearly the nature and items
5 covered by each check drawn, shall be kept on file.

6 (2) All the proceedings of the board of commissioners shall be entered at large in a record book.
7 All books, maps, plans, documents, correspondence, vouchers, reports and other papers and records
8 pertaining to the business of the district shall be carefully preserved and shall be open to inspection
9 as public records.

10 **SECTION 45.** ORS 551.110 is amended to read:

11 551.110. Moneys of a district may be deposited in [*one or more depositories, as defined in ORS*
12 *295.001,*] **accordance with ORS 295.001 to 295.108 and as** designated by the superintendent of the
13 district in consultation with the advisory board. Moneys deposited may be withdrawn or paid out
14 only upon a proper order and warrant or upon a check signed by the superintendent. The order
15 shall:

- 16 (1) Specify the name of the person to whom the moneys are to be paid;
- 17 (2) Specify the fund from which the moneys are to be paid;
- 18 (3) State generally the purpose for which the moneys are to be paid; and
- 19 (4) Be entered in the record of proceedings of landowner meetings.

20 **SECTION 46.** ORS 555.521 is amended to read:

21 555.521. (1) A sand control district shall deposit moneys [*of the district in a depository, as defined*
22 *in ORS 295.001,*] **in accordance with ORS 295.001 to 295.108 and as** designated by the district
23 board.

24 (2) The moneys may be withdrawn or paid out pursuant to an order of the board upon a check
25 signed by the treasurer or by a person authorized to serve as custodian of district funds by a re-
26 solution of the board.

27 (3) The district board shall keep on file receipts or vouchers that show the nature and items
28 covered by each check drawn.

29 (4) The district board shall:

30 (a) Cause all proceedings of the board to be entered at large in a record book.

31 (b) Preserve, and make available for inspection, public records pertaining to the authority and
32 duties of the district, as required by ORS 192.311 to 192.478.

33 **SECTION 47.** ORS 565.539 is amended to read:

34 565.539. [*(1) As used in this section:*]

35 [*(a) "Depository" has the meaning given that term in ORS 295.001.*]

36 [*(b) "Financial institution" has the meaning given that term in ORS 706.008.*]

37 [*(2) Except as provided in this section,*]

38 (1) Moneys received by the State Fair Council must be promptly deposited **in accordance with**
39 **ORS 295.001 to 295.108** into an account established by the council. [*in a depository that is insured*
40 *by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund.*
41 *In a manner consistent with the requirements of ORS 295.001 to 295.108, the chairperson and vice-*
42 *chairperson of the council shall ensure that sufficient collateral secures any amount of funds on deposit*
43 *that exceeds the limits of the coverage provided by the Federal Deposit Insurance Corporation or the*
44 *National Credit Union Share Insurance Fund.*]

45 [*(3) The council may deposit moneys into an account established by the council in a financial in-*

1 *stitution that is not a depository if the amount on deposit is at all times fully insured by the Federal*
2 *Deposit Insurance Corporation, the National Credit Union Share Insurance Fund or another appro-*
3 *appropriate federal regulatory body responsible for insuring amounts on deposit with the financial institution*
4 *for the benefit of depositors.]*

5 [(4)] (2) The council may invest any moneys the council receives. Except as provided in sub-
6 section [(5)] (3) of this section, investments that the council makes are:

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

8 (b) Subject to the investment maturity date limitations described in ORS 294.135; and

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

10 [(5)] (3) In addition to or in lieu of investments described in subsection [(4)] (2) of this section,
11 the council may invest in the investment pool described in ORS 294.805. For purposes of ORS 294.805
12 to 294.895, the state fair director is a local government official.

13 [(6)] (4) Except as provided in this subsection, the state fair director shall provide to each
14 meeting of the council a financial report that includes, but need not be limited to, a summary of
15 account and investment activity, and copies of any account or investment statements received from
16 a bank, investment firm or other source since the previous report was provided. The council may
17 waive the financial report requirement if the council is meeting less than 30 days after a meeting
18 to which the state fair director provided a financial report.

19 **SECTION 48.** ORS 578.155 is amended to read:

20 578.155. [(1) *As used in this section:*]

21 [(a) *“Depository” has the meaning given that term in ORS 295.001.*]

22 [(b) *“Financial institution” has the meaning given that term in ORS 706.008.*]

23 [(2)] (1) Moneys that a person collects or receives from an assessment levied by the Oregon
24 Wheat Commission and other moneys that the commission receives must be paid to the authorized
25 agent of the commission and, except as provided under subsection (3) of this section, promptly de-
26 posited **into an account established in accordance with ORS 295.001 to 295.108.** [*into an account*
27 *established by the commission in a depository that is insured by the Federal Deposit Insurance Cor-*
28 *poration or the National Credit Union Share Insurance Fund. In a manner consistent with the re-*
29 *quirements of ORS 295.001 to 295.108, the chairperson and vice chairperson of the commission shall*
30 *ensure that sufficient collateral secures any amount of funds on deposit that exceeds the limits of the*
31 *Federal Deposit Insurance Corporation’s or the National Credit Union Share Insurance Fund’s cover-*
32 *age.*]

33 [(3) *The commission may deposit moneys into an account established by the commission in a fi-*
34 *ancial institution that is not a depository if the amount on deposit is at all times fully insured by the*
35 *Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund or another*
36 *appropriate federal regulatory body responsible for insuring amounts on deposit with the financial in-*
37 *stitution for the benefit of depositors.*]

38 [(4)] (2) Subject to approval by the Director of Agriculture, the commission may invest moneys
39 the commission collects or receives. Except as provided in subsection [(5)] (3) of this section, in-
40 vestments the commission makes are:

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

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

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

44 [(5)] (3) In addition to or in lieu of investments described in subsection [(4)] (2) of this section,
45 the commission may invest in the investment pool described in ORS 294.805. For purposes of ORS

1 294.805 to 294.895, the commission is a public corporation and the secretary-treasurer of the com-
2 mission is a local government official.

3 [(6)] (4) Interest earned from any moneys a commission deposits or invests under this section is
4 available to the commission in a manner consistent with the commission's annual budget.

5 [(7)] (5) Moneys may not be withdrawn from or paid out of an account established by the com-
6 mission except upon order of the commission, and upon checks or other orders on the account that
7 are signed by the secretary-treasurer or by another commission member designated by the commis-
8 sion and countersigned by the chairperson or vice chairperson or by another member designated by
9 the commission. The secretary-treasurer of the commission shall keep a receipt, voucher or other
10 written record, showing clearly the nature and items covered by each check or other order.

11 **SECTION 49.** ORS 711.410 is amended to read:

12 711.410. Except for transfers of public funds or [*securities*] **collateral** that a **qualified** depository,
13 as defined in ORS 295.001, or the State Treasurer must make under ORS 295.001 to 295.108, transfers
14 of assets made after the commission of an act of insolvency or in contemplation of insolvency to
15 prevent the application of the assets in the manner prescribed by the Bank Act or to the preference
16 of one creditor to another are void.

17 **SECTION 50.** ORS 757.738 is amended to read:

18 757.738. (1)(a) The Public Utility Commission shall establish a separate trust account for
19 amounts generated by each of the two surcharges imposed under ORS 757.736. The commission shall
20 establish the trust accounts as interest-bearing accounts:

21 (A) With an agency of the United States identified in the final agreement;

22 (B) In a **qualified** depository [*that is qualified*] under ORS 295.001 to 295.108 [*to receive public*
23 *funds*]; or

24 (C) With the State Treasurer, to be invested as provided in ORS 293.701 to 293.857.

25 (b) The commission may establish each of the two trust accounts with a different trustee among
26 those listed in paragraph (a) of this subsection.

27 (c) The commission may authorize transfer of funds from one trust account to another as nec-
28 essary to fund removal of the Klamath River dams.

29 (2) If an agreement is entered into under ORS 757.742 (2), the parties to the agreement may
30 agree that a portion of the amounts collected under one surcharge may be deposited in the trust
31 account established for amounts collected under the other surcharge.

32 (3) Upon request of an agency of the United States, or upon request of the designee of an agency
33 of the United States, the commission shall require the trustee of the appropriate trust account es-
34 tablished under this section to transfer to the agency or designee the amounts that are necessary
35 to pay the costs of removing the Klamath River dams as described in ORS 757.736 (11).

36 (4) If any amounts remain in a trust account established under this section after the trustee
37 makes all payments necessary for the costs of removing the Klamath River dams as described in
38 ORS 757.736 (11), the commission shall direct the trustee of the account to refund those amounts to
39 customers or to otherwise use the excess amounts for the benefit of customers.

40 **SECTION 51.** ORS 576.375 is amended to read:

41 576.375. (1) Moneys a person collects or receives from the assessment levied under the authority
42 of ORS 576.325 and other moneys a commodity commission receives must be paid to the authorized
43 agent of the commission and promptly deposited into an account established by the commission **in**
44 **accordance with ORS 295.001 to 295.108.** [*in a depository, as defined in ORS 295.001, that is insured*
45 *by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund.*

1 *In a manner consistent with the requirements of ORS 295.001 to 295.108, the chairperson and vice*
2 *chairperson for a commission shall ensure that sufficient collateral secures any amount of funds on*
3 *deposit that exceeds the limits of the Federal Deposit Insurance Corporation's or the National Credit*
4 *Union Share Insurance Fund's coverage.] All moneys in the account are continuously appropriated*
5 *to the commission that makes the deposit for the purpose of carrying out the commission's duties,*
6 *functions and powers.*

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

13 (3) Subject to approval by the Director of Agriculture, a commission may invest moneys the
14 commission collects or receives. Investments a commission makes are:

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

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

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

18 (4) Interest earned from any moneys a commission invests under subsection (3) of this section
19 is available to the commission in a manner consistent with the commission's annual budget.

20 **SECTION 52.** ORS 294.035 is amended to read:

21 294.035. (1) Subject to ORS 294.040 and 294.135 to 294.155, the custodial officer may invest any
22 sinking fund, bond fund or surplus funds in the custody of the custodial officer in the bank accounts,
23 classes of securities at current market prices, insurance contracts and other investments listed in
24 this section, but only after obtaining from the governing body of the county, municipality, political
25 subdivision or school district a written order that has been entered in the minutes or journal of the
26 governing body.

27 (2) This section does not:

28 (a) Limit the authority of the custodial officer to invest surplus funds in other investments when
29 the investment is specifically authorized by another statute.

30 (b) Apply to a sinking fund or a bond fund established in connection with conduit revenue bonds
31 issued by a county, municipality, political subdivision or school district for private business entities
32 or nonprofit corporations.

33 (3) Investments authorized by this section are:

34 (a) Lawfully issued general obligations of the United States, the agencies and instrumentalities
35 of the United States or enterprises sponsored by the United States Government and obligations
36 whose payment is guaranteed by the United States, the agencies and instrumentalities of the United
37 States or enterprises sponsored by the United States Government.

38 (b) Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon
39 and its political subdivisions that have a long-term rating of [A] **A-** or an equivalent rating or better
40 or are rated on the settlement date in the highest category **without any refinement or gradation**
41 for short-term municipal debt by a nationally recognized statistical rating organization.

42 (c) Lawfully issued debt obligations of the States of California, Idaho and Washington and poli-
43 tical subdivisions of those states if the obligations have a long-term rating of [AA] **AA-** or an
44 equivalent rating or better or are rated on the settlement date in the highest category for short-term
45 municipal debt by a nationally recognized statistical rating organization.

1 (d) Time deposit open accounts, certificates of deposit and savings accounts in insured insti-
2 tutions as defined in ORS 706.008, in credit unions as defined in ORS 723.006 or in federal credit
3 unions, if the institution or credit union maintains a head office or a branch in this state.

4 (e) Share accounts and savings accounts in credit unions in the name of, or for the benefit of,
5 a member of the credit union pursuant to a plan of deferred compensation.

6 (f) Fixed or variable life insurance or *[annuity contracts]* **annuities** as defined *[by]* **in** ORS
7 731.170 and guaranteed investment contracts issued by life insurance companies authorized to do
8 business in this state.

9 (g) Trusts in which deferred compensation funds from other public employers are pooled, if:

10 (A) The purpose is to establish a deferred compensation plan;

11 (B) The trust is a public instrumentality of such public employers and described in section (2)(b)
12 of the Investment Company Act of 1940, 15 U.S.C. 80a-2(b), as amended, in effect on September 20,
13 1985, or the trust is a common trust fund described in ORS 709.170;

14 (C) Under the terms of the plan the net income from or gain or loss due to fluctuation in value
15 of the underlying assets of the trust, or other change in such assets, is reflected in an equal increase
16 or decrease in the amount distributable to the employee or the beneficiary thereof and, therefore,
17 does not ultimately result in a net increase or decrease in the worth of the public employer or the
18 state; and

19 (D) The fidelity of the trustees and others with access to such assets, other than a trust com-
20 pany, as defined in ORS 706.008, is insured by a surety bond that is satisfactory to the public em-
21 ployer, issued by a company authorized to do a surety business in this state and in an amount that
22 is not less than 10 percent of the value of such assets.

23 (h)(A) Banker's acceptances, if the banker's acceptances are:

24 (i) Guaranteed by, and carried on the books of, a qualified financial institution;

25 (ii) Eligible for discount by the Federal Reserve System; and

26 (iii) Issued by a qualified financial institution whose short-term letter of credit rating is rated
27 in the highest category **without any refinement or gradation** by one or more nationally recog-
28 nized statistical rating organizations.

29 (B) For the purposes of this paragraph, "qualified financial institution" means:

30 (i) A financial institution that is located and licensed to do banking business in the State of
31 Oregon; or

32 (ii) A financial institution that is wholly owned by a financial holding company or a bank hold-
33 ing company that owns a financial institution that is located and licensed to do banking business in
34 the State of Oregon.

35 (C) A custodial officer shall not permit more than 25 percent of the moneys of a local govern-
36 ment that are available for investment, as determined on the settlement date, to be invested in
37 banker's acceptances of any qualified financial institution.

38 (i)(A) Corporate indebtedness subject to a valid registration statement on file with the Securities
39 and Exchange Commission or issued under the authority of section 3(a)(2) or 3(a)(3) of the Securities
40 Act of 1933, as amended. Corporate indebtedness described in this paragraph does not include
41 banker's acceptances. The corporate indebtedness must be issued by a commercial, industrial or
42 utility business enterprise, or by or on behalf of a financial institution, including a holding company
43 owning a majority interest in a qualified financial institution.

44 (B) Corporate indebtedness must be rated on the settlement date P-1 or *[Aa]* **Aa3** or better by
45 Moody's Investors Service or A-1 or *[AA]* **AA-** or better by *[Standard & Poor's Corporation]* **S&P**

1 **Global Ratings and Fitch Ratings** or an equivalent rating by any nationally recognized statistical
2 rating organization.

3 (C) Notwithstanding subparagraph (B) of this paragraph, the corporate indebtedness must be
4 rated on the settlement date P-2 or [A] **A3** or better by Moody's Investors Service or A-2 or A or
5 better by [*Standard & Poor's Corporation*] **S&P Global Ratings and Fitch Ratings** or an equivalent
6 rating by any nationally recognized statistical rating organization when the corporate indebtedness
7 is:

8 (i) Issued by a business enterprise that has its headquarters in Oregon, employs more than 50
9 percent of its permanent workforce in Oregon or has more than 50 percent of its tangible assets in
10 Oregon; or

11 (ii) Issued by a holding company owning not less than a majority interest in a qualified financial
12 institution, as defined in paragraph (h) of this subsection, located and licensed to do banking busi-
13 ness in Oregon or by a holding company owning not less than a majority interest in a business en-
14 terprise described in sub-subparagraph (i) of this subparagraph.

15 (D) A custodial officer may not permit more than 35 percent of the moneys of a local govern-
16 ment that are available for investment, as determined on the settlement date, to be invested in
17 corporate indebtedness, and may not permit more than five percent of the moneys of a local gov-
18 ernment that are available for investment to be invested in corporate indebtedness of any single
19 corporate entity and its affiliates or subsidiaries.

20 (j) Repurchase agreements whereby the custodial officer purchases securities from a financial
21 institution or securities dealer subject to an agreement by the seller to repurchase the securities.
22 The repurchase agreement must be in writing and executed in advance of the initial purchase of the
23 securities that are the subject of the repurchase agreement. Only securities described in paragraph
24 (a) of this subsection may be used in conjunction with a repurchase agreement and such securities
25 shall have a maturity of not longer than three years. The price paid by the custodial officer for such
26 securities may not exceed amounts or percentages prescribed by written policy of the Oregon In-
27 vestment Council or the Oregon Short Term Fund Board created by ORS 294.885.

28 (k) Shares of stock of any company, association or corporation, including but not limited to
29 shares of a mutual fund, but only if the moneys being invested are funds set aside pursuant to a
30 local government deferred compensation plan and are held in trust for the exclusive benefit of par-
31 ticipants and their beneficiaries.

32 (L) The investment pool as defined in ORS 294.805 and, with the approval of the State Treasurer,
33 any other commingled investment pool that may be established in the discretion of the State
34 Treasurer for investment of the funds of local governments. The State Treasurer may require the
35 governing body of a local government to enter into an investment agreement with the State Treas-
36 urer as a condition of investing funds in a commingled investment pool under this paragraph.

37 **SECTION 53. Sections 8 and 30 of this 2019 Act are added to and made a part of ORS**
38 **295.001 to 295.108.**