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FISCAL IMPACT REPORT

ORIGINAL DATE 2/19/07
 SPONSOR SCORC LAST UPDATED 2/24/07 HB _____
 SHORT TITLE PUBLIC MONEY DEPOSIT REQUIREMENTS SB 986/SCORCS
 ANALYST Propst

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

Senate Corporation and Transportation Committee substitute for Senate Bill 986 revises the requirements for the deposit of public money.

SIGNIFICANT ISSUES

The committee substitute provides that interest-bearing deposits must be made available to all commercial banks and savings banks that (1) have a main office or staffed branch office in the geographical boundaries of the governmental unit; (2) qualify as public depositories by reason of insurance of the account by a federal agency or by depositing collateral security or giving bond based on the highest rate bid by each bank as provided by law; (3) pay interest not less than 100 percent of the asked price on U.S. Treasury securities of the same maturity on the same day of deposit.

The proposed legislation also removes language that seems to allow a governmental entity the opportunity to invest bond issue proceeds at prevailing interest rates without compromising tax exempt provisions of the Internal Revenue Code.

WEP/mt