

## 2011 DRAFTING REQUEST

### Bill

Received: 11/01/2011

Received By: agary

Wanted: As time permits

Companion to LRB:

For: Glenn Grothman (608) 266-7513

By/Representing: Lance Burri

May Contact:

Drafter: agary

Subject: Fin. Inst. - miscellaneous

Addl. Drafters:

Extra Copies: MES

Submit via email: YES

Requester's email: Sen.Grothman@legis.wisconsin.gov

Carbon copy (CC:) to: aaron.gary@legis.wisconsin.gov

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#### Pre Topic:

No specific pre topic given

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#### Topic:

Public depositors, redeposit through deposit placement programs

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#### Instructions:

See attached

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#### Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	agary 11/01/2011	jdye 11/02/2011		_____			
/1	agary 11/18/2011	jdye 11/21/2011	rschluet 11/02/2011	_____	lparisi 11/02/2011		
/2			phenry 11/21/2011	_____	mbarman 11/21/2011	mbarman 11/23/2011	

FE Sent For:

None

<END>

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*11/21*  
*ph*  
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1/?	agary	T 11/2 jld		_____	_____		

FE Sent For:

<END>

## Shovers, Marc

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**From:** Burri, Lance  
**Sent:** Friday, October 21, 2011 11:33 AM  
**To:** Shovers, Marc  
**Subject:** Municipal investment language

Marc, I don't think I explained myself very well on the phone. Here's the written explanation of what we're trying to do:

The draft amendment to the Wisconsin Statutes accompanying this explanation are intended to build on the success that governments have had in investing public funds in certificates of deposit through the Certificate of Deposit Account Registry Service, or CDARS. The deposit of public funds through CDARS was determined to be authorized under Wisconsin Statutes by the Attorney General of the State in a letter dated February 19, 2005. Through CDARS governments in Wisconsin, working with a local Wisconsin bank, are able to obtain CDs that are issued by banks throughout the United States and are eligible for full FDIC insurance. In addition, the amount of the funds placed through CDARS is matched by deposits into the local bank placed on behalf of customers of other CDARS participating institutions. The net effect is that the amount of the public deposit will be available to the local bank for lending to individuals and businesses in the immediate community.

CDARS has been very popular with Wisconsin governments, such that well over a billion dollars of public funds have been placed through CDARS by government subdivisions in the State. But because the statutory provision interpreted and applied by the Attorney General in 2005 relates only to time deposits, the benefits of CDARS are not available for the substantial portion of public funds that are placed in money market deposit accounts so that they will be more readily available to meet current financial needs of the government.

The accompanying draft amendments to the Wisconsin Statutes would have the effect of enabling government subdivisions in Wisconsin to take advantage of a new deposit placement service. This service, known as ICS, makes it possible for a government depositor's funds to be swept from a transaction account at a local institution into interest-bearing money market deposit accounts at multiple banks throughout the country in amounts that are less than the standard FDIC insurance maximum. Equally important, the local institution will receive matching deposits from customers of other institutions equal to the full amount of the government's funds swept into money market deposit accounts at other banks through ICS. Depositors placing funds for deposit through ICS may withdraw their funds up to six times a month. As with CDARS, the full amount of a government's deposits placed through ICS will in effect remain in the local bank and will be available for lending in the community.

Proposed amendment to Wisconsin Statutes §34.05 to authorize the deposit of public funds in insured savings accounts

Amend §34.05 by adding a new subsection (4) to read as follows:“(4) Notwithstanding the provisions of § 34.05(1), §66.0603(1m)(a) or any other provision of law, the governing board of a public depositor may direct the treasurer of the governing board to deposit public moneys in a selected public depository and, directly or through an authorized agent, instruct the public depository to arrange for the redeposit of the moneys through a deposit placement program that meets the following conditions:

(a) On or after the date that the moneys are received, the selected public depository arranges for the redeposit of the moneys into savings deposit accounts in one or federal or state savings and loan associations, state banks, federal or state savings banks, savings and trust companies, or national banks insured by the Federal Deposit Insurance Corporation.

(b) The full amount of the public depositor's moneys redeposited by the selected depository into deposit accounts with the financial institutions identified in (a), above, (plus accrued interest, if any) shall be insured by the Federal Deposit Insurance Corporation.

Proposed amendment to Wisconsin Statutes §34.06 to reflect the changes to §34.05, above

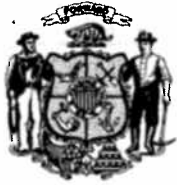
Amend §34.06 to delete certain references as follows:

**34.06 Liability of Treasurers.** Notwithstanding any other provision of law, a treasurer who deposits public moneys in compliance with s. 34.05, is thereby relieved of liability for any loss of public moneys which results from the failure of any depository to repay the public depositor the full amount of its deposits thus causing a loss as defined in s. 34.01(a).

Thanks Marc.

Lance Burri  
Office of Sen. Glenn Grothman  
608-266-7513





State of Wisconsin  
2011 - 2012 LEGISLATURE

in  
11/1



LRB-~~2307~~-3376/1  
ARG:jld:rs Keep

2011 BILL

wanted  
by 11/4

RMNR

X

Regen

1 AN ACT *to amend* 34.06; and *to create* 34.05 (4) of the statutes; relating to:  
2 deposit placement programs of public depositories.

**Analysis by the Legislative Reference Bureau**

Under current law, the governing board of a public depositor must designate one or more public depositories in which the treasurer must deposit all public moneys received by the treasurer and must specify whether these public moneys are to be maintained in time deposits, demand deposits, or savings deposits and whether security is required of the public depository to secure the repayment of deposits exceeding deposit insurance. A treasurer must deposit public moneys immediately upon receipt in the designated public depository or public depositories. These requirements apply to the state, local governments, and certain other depositors. A "treasurer" is not limited to an elected official but includes any public official or employee whose duties require that he or she receive and account for public moneys. A "public depository" includes a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, federal or state savings bank, or national bank in this state that receives or holds any public deposits. A treasurer who deposits public moneys in a public depository in compliance with the foregoing requirements is relieved of liability for any loss of public moneys that results from the failure of the public depository to repay the full amount of its deposits.

Under this bill, a public depositor may direct its treasurer to deposit public moneys in a selected public depository and, directly or through an authorized agent, instruct the public depository to arrange for the redeposit of the moneys through a

**BILL**

deposit placement program that meets all of the following conditions: 1) on or after the date that it receives the public moneys, the selected public depository arranges for the redeposit of the moneys into savings deposit accounts in one or more federal or state savings and loan associations, state banks, federal or state savings banks, savings and trust companies, or national banks insured by the federal deposit insurance corporation; and 2) the full amount of the public depositor's moneys redeposited with these financial institutions, plus any accrued interest, are insured by the federal deposit insurance corporation. A treasurer who deposits public moneys in a selected public depository as part of such a deposit placement program is relieved of liability for loss.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 34.05 (4) of the statutes is created to read:

2           34.05 (4) Notwithstanding sub. (1), s. 66.0603 (1m) (a), or any other provision  
3 of law, the governing board of a public depositor may direct the treasurer of the  
4 governing board to deposit public moneys in a selected public depository and, directly  
5 or through an authorized agent, instruct the public depository to arrange for the  
6 redeposit of the moneys through a deposit placement program that meets all of the  
7 following conditions:

8           (a) On or after the date that it receives the public moneys, the selected public  
9 depository arranges for the redeposit of the moneys into savings deposit accounts in  
10 one or more federal or state savings and loan associations, state banks, federal or  
11 state savings banks, savings and trust companies, or national banks insured by the  
12 federal deposit insurance corporation.

13           (b) The full amount of the public depositor's moneys redeposited by the selected  
14 depository into deposit accounts with the financial institutions identified in par. (a),  
15 plus any accrued interest, are insured by the federal deposit insurance corporation.

16           **SECTION 2.** 34.06 of the statutes is amended to read:



**Gary, Aaron**

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**From:** Burri, Lance

**Sent:** Friday, November 18, 2011 10:53 AM

**To:** Gary, Aaron

**Subject:** need a change to lrb 3376

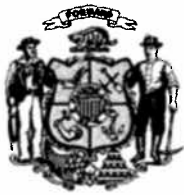
Aaron, it's been brought to my attention that we left credit unions out of the list of places deposits could be redeposited. I need to add "credit unions insured by the NCUA" to paragraph a (page 2, lines 8-12).

I'm going to introduce this next week. Can we have it by then?

Thanks.

Lance

11/18/2011



State of Wisconsin  
2011 - 2012 LEGISLATURE

wanted  
by 11/21  
noon



LRB-3376/4 2  
ARG:jld:rs

in  
11/18

RMR

2011 BILL

X Regen

- 1 AN ACT *to amend* 34.06; and *to create* 34.05 (4) of the statutes; relating to:
- 2 deposit placement programs of public depositories. ✓

***Analysis by the Legislative Reference Bureau***

Under current law, the governing board of a public depositor must designate one or more public depositories in which the treasurer must deposit all public moneys received by the treasurer and must specify whether these public moneys are to be maintained in time deposits, demand deposits, or savings deposits and whether security is required of the public depository to secure the repayment of deposits exceeding deposit insurance. A treasurer must deposit public moneys immediately upon receipt in the designated public depository or public depositories. These requirements apply to the state, local governments, and certain other depositories. A "treasurer" is not limited to an elected official but includes any public official or employee whose duties require that he or she receive and account for public moneys. A "public depository" includes a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, federal or state savings bank, or national bank in this state that receives or holds any public deposits. A treasurer who deposits public moneys in a public depository in compliance with the foregoing requirements is relieved of liability for any loss of public moneys that results from the failure of the public depository to repay the full amount of its deposits.

Under this bill, a public depositor may direct its treasurer to deposit public moneys in a selected public depository and, directly or through an authorized agent, instruct the public depository to arrange for the redeposit of the moneys through a

**BILL**

(FDIC) or federal or state credit unions insured by the national credit union administration (NCUA) ✓

deposit placement program that meets all of the following conditions: 1) on or after the date that it receives the public moneys, the selected public depository arranges for the redeposit of the moneys into savings deposit accounts in one or more federal or state savings and loan associations, state banks, federal or state savings banks, savings and trust companies, or national banks insured by the federal deposit insurance corporation; and 2) the full amount of the public depositor's moneys redeposited with these financial institutions, plus any accrued interest, are insured by the ~~federal deposit insurance corporation~~. A treasurer who deposits public moneys in a selected public depository as part of such a deposit placement program is relieved of liability for loss.

FDIC or NCUA ✓

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11 state savings banks, savings and trust companies, or national banks insured by the  
12 federal deposit insurance corporation. ✓ or federal or state credit unions insured  
by the national credit union administration

13           (b) The full amount of the public depositor's moneys redeposited by the selected  
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15 plus any accrued interest, are insured by the federal deposit insurance corporation. ✓

16           **SECTION 2.** 34.06 of the statutes is amended to read:

✓ or national credit union administration

**BILL**

1           **34.06 Liability of treasurers.** Notwithstanding any other provision of law,  
2 a treasurer who deposits public moneys ~~in any public depository,~~ in compliance with  
3 s. 34.05, is thereby relieved of liability for any loss of public moneys which results  
4 from the failure of any ~~public~~ depository to repay ~~to~~ the public depositor the full  
5 amount of its deposits thus causing a loss as defined in s. 34.01 (2).

6

(END)

**Barman, Mike**

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**From:** Burri, Lance  
**Sent:** Wednesday, November 23, 2011 8:32 AM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB 11-3376/2 Topic: Public depositors, redeposit through deposit placement programs

Please Jacket LRB 11-3376/2 for the SENATE.