

## CHAPTER 34.

## PUBLIC DEPOSITS.

34.01	Definitions.	34.06	Liability of treasurers.
34.026	Privately owned trust funds; interest charges.	34.07	Security not required.
34.03	Powers of state of Wisconsin investment board.	34.08	State deposit guarantee fund.
34.04	Orders of state of Wisconsin investment board.	34.09	Banks as public depositories.
34.05	Designation of public depositories.	34.10	Reorganization and stabilization of banks.
		34.105	Withdrawal of public funds.
		34.11	Penalties.

34.01 Definitions. As used in this chapter: (1) "Public deposit" shall mean moneys deposited by the state or any county, city, village, town, drainage district, power district, school district, sewer district, or any commission, committee, board or officer of any governmental subdivision of the state, or any court of this state, in any state bank, savings and trust company, mutual savings bank, or national bank in this state, including private funds held in trust by a public officer for persons, corporations or associations of individuals.

(2) "Public depository" shall mean a state bank, savings and trust company, mutual savings bank, or national bank in this state which receives or holds any public deposits.

(3) "Public depositor" shall mean the state or any county, city, village, town, drainage district, power district, school district, sewer district, or any commission, committee, board or officer of any governmental subdivision of the state or any court of this state which deposits any moneys in a public depository.

(4) "Governing board" shall mean the county board or committee designated by the county board to designate public depositories in the case of a county, the city council in the case of a city, the village board in case of a village, the town board in case of a town, the school board in the case of a school district, the judge or board of judges in case of any court in this state, and any other commission, committee, board or officer of any governmental subdivision of the state not hereinbefore mentioned.

(5) "Public moneys" shall include all moneys coming into the hands of the state treasurer or the treasurer of any county, city, village, town, drainage district, power district, school district, sewer district, or of any commission, committee, board or officer of any governmental subdivision of the state, or the clerk of any court in this state, by virtue of his office without regard to the ownership thereof.

(6) "Loss" shall mean any loss of public moneys, which have been deposited in a designated public depository in accordance with this chapter and upon which the required payment has been made into the state deposit fund, resulting from the failure of any public depository to repay to any public depositor the full amount of its deposit because the commissioner of banks or the comptroller of currency has taken possession of such public depository or because such public depository has, with the consent and approval of the commissioner of banks and the state of Wisconsin investment board, adopted a stabilization and readjustment plan or has sold a part or all of its assets to another bank which has agreed to pay a part or all of the deposit liability on a deferred payment basis or because such depository is prevented from paying out old deposits because of rules and regulations of the commissioner of banks or the comptroller of the currency.

(7) "Treasurer" shall mean any duly elected, appointed or acting official of the state or of any county, city, village, town, drainage district, power district, school district, sewer district, or of any commission, committee, board or any officer or employe of any governmental subdivision of the state, or the clerk of any court in this state, whose duties require that he receive and account for public moneys.

(8) (a) "Inactive deposits" shall mean public deposits which have been deposited subject to the bank's rules and regulations relative to time accounts.

(b) "Active deposits" shall mean public deposits which are subject to withdrawal on demand.

34.026 Privately-owned trust funds; interest charges. Where any part of funds deposited by any public depositor, as defined by section 34.01 (3), shall consist of privately-owned trust funds, the state, county, town, city or village, by appropriate action of its governing body, or the governing body of any other such public depositor defined by such section, may assume and pay, as an item of general expense, all interest charges collected from such trust fund by any public depository and paid to the state of Wisconsin investment board under the provisions of this chapter.

**34.03 Powers of state of Wisconsin investment board.** (1) The state of Wisconsin investment board shall have power:

(a) To make and enforce rules and regulations necessary and proper to the full and complete performance of its functions;

(b) To contract for reinsurance of the state deposit fund to protect it against excessive losses;

(c) To fix the rates of interest to be paid by public depositories on active deposits and special deposits of the state treasurer. Such rates of interest shall be based upon the size and activity of public deposits and shall take into consideration the net return to banks on sound investments. Rates of interest fixed as provided herein shall be uniformly paid by all public depositories on all public deposits unless the payment of interest on such deposits is prohibited under any act of congress or any rule or regulation of any federal agency having supervision over such public depository, and such public deposits shall be subject to no charge other than the amount required to be paid into the state deposit fund and federal taxes. Any public depository which refuses, neglects or by subterfuge avoids payment of interest on public deposits in accordance with the fixed rates shall be excluded from the right to receive and hold public deposits. Inactive deposits other than special deposits of the state treasurer shall bear the same rates of interest, as are paid by such public depository on time accounts.

(d) To fix the rate of payment into the state deposit fund, based on the standard that the state deposit fund should have sufficient reserves to enable it to promptly pay all losses likely to occur, but that the charge to public depositors should be no higher than is necessary for this purpose; provided, that if the board shall borrow money and shall pledge a part or all of the payments hereunder required to be made into the state deposit fund, then the rate of payment in effect at the time such loan is negotiated shall remain in full force and effect until such loan is fully repaid;

(f) To require any public depository, the commissioner of banks or the trustees of segregated trusts created by banks for the benefit of depositors to furnish such information as the state of Wisconsin investment board may request. Any public depository which shall refuse or neglect to give any information so requested shall be excluded from the right to receive public deposits;

(g) To employ such persons as shall be necessary to administer and carry out the purposes of this chapter. All expenses of administration and reinsurance shall be paid out of the state deposit fund subject to the provisions of ss. 20.480 (72) and 34.08.

(h) To levy and collect penalties provided herein by appropriate actions;

(i) To take such action as the state of Wisconsin investment board in its discretion shall deem best for the protection, collection, compromise or settlement of any claim against or in favor of the state deposit fund;

(j) To and shall designate public depositories for deposits of state funds and public money coming into the hands of the state treasurer, prescribe and allocate the deposits of state moneys and limit the amount of public moneys which may be deposited in any public depository so designated. It shall have all the powers and duties with relation to the state treasurer and state moneys that are herein granted and imposed upon other governing boards, and only such banks as have been named by the state of Wisconsin investment board as working banks shall carry state deposits on which checks are drawn to conduct the daily business of the state, all of which deposits shall be payable on demand. The state of Wisconsin investment board may designate banks as special depositories in which the state treasurer may make special deposits of funds, not exceeding the amount limited by the state of Wisconsin investment board, which are not currently needed for the conduct of the daily business of the state, which special deposits shall be deposited subject to such bank's rules and regulations relative to either savings accounts, time certificates of deposit or open time accounts, as the case may be, and shall bear interest at the rate of 1½ per cent per annum, payable quarterly, until changed by the state of Wisconsin investment board. Public depositories heretofore designated as state depositories shall continue as such until further action by the state of Wisconsin investment board.

(k) To prescribe rules and regulations fixing the requirements for qualification of banks as public depositories and fixing the maximum allowable total public deposits of banks and the terms and conditions under which public deposits may be received and held;

(l) In addition to the powers expressly conferred, the state of Wisconsin investment board shall have all powers reasonably necessary and proper to the full and complete performance of its functions, including but not limited to ordinary powers granted corporations;

(n) To fix the official date on which losses shall be deemed to have been incurred, taking into consideration the orders, rules and regulations of the commissioner of banks and the comptroller of the currency as they affect the failure of such public depository to repay public deposits in full. Notice of such official date of loss shall be served on the treasurer

of each public depositor by registered mail, and the limitation provided in section 34.08 (3) shall begin to run on the receipt of such notice by such treasurer.

**34.04 Orders of state of Wisconsin investment board.** (1) The state of Wisconsin investment board prior to the issuance of any general order fixing the rates of interest, rate of payment into the state deposit fund or any other order of general application, shall hold a public hearing.

(3) Any order of the board shall be subject to review in the manner provided in chapter 227.

(4) Whenever the liability for losses payable from the general fund under s. 20.550 (7) exceeds \$3,000,000 the premium rate for the ensuing quarter shall not exceed one-tenth of one per cent per annum.

**34.05 Designation of public depositories.** (1) The governing board of each public depositor shall, by resolution, certified copy of which shall be filed with the state of Wisconsin investment board, designate one or more banks, banking institutions, or trust companies, organized and doing business under the Wisconsin or United States laws, located in Wisconsin, which have been approved by the state of Wisconsin investment board as qualified to become public depositories, in which the treasurer of such governing board shall deposit all public moneys coming into his hands. A designation of a public depository by the governing board shall be a designation of such public depository for all treasurers of such governing board and for all public depositors for which each such treasurer shall act.

(2) Whenever any governing board shall fail or refuse to designate a public depository the treasurer thereof, after notice in writing to each member of the governing board and subject to further action of the governing board, may designate public depositories to act as such for not exceeding 90 days in the same manner as if designated by such governing board, and shall immediately certify such designations to the state of Wisconsin investment board.

(3) It shall be the duty of every treasurer to deposit immediately upon receipt thereof the funds received by him by virtue of his office in the name of the municipality in the public depository or public depositories designated by the governing board.

(4) If any governing board shall refuse or neglect to comply with the provisions of subsection (1), or if on such refusal or neglect on the part of the governing board, the treasurer shall refuse or neglect to comply with the provisions of subsection (2), or if any governing board shall authorize its treasurer to retain funds of the municipality in his hands other than such amounts as are now authorized by statute or to deposit such funds in a bank located without this state except as approved by the state of Wisconsin investment board or shall by any other act of omission or commission attempt to evade the provisions of this chapter, then such municipality shall pay into the state deposit fund an amount equal to the amount required to be paid into the state deposit fund if such funds had been deposited according to the provisions of this chapter, plus a penalty equal to 25 per centum of such required payment.

**34.06 Liability of treasurers.** Notwithstanding any other provision of law, the state treasurer and the treasurer of any county, city, village, town, drainage district, power district, school district, sewer district, or any commission, committee, board or officer of any governmental subdivision of the state, upon depositing public moneys in any public depository, in compliance with the requirements of section 34.05 without regard to the giving, renewal or approval of a bond or other security by such depository, is thereby relieved of liability for any loss of public moneys which results from the failure of any such public depository to repay to such public depositor the full amount of its deposits thus causing a loss as defined in subsection (6) of section 34.01.

**34.07 Security not required.** No bond or other security shall be required of or given by any public depository for any public deposits, and compliance with the provisions of ch. 34 shall be in lieu of any requirement of a bond or other security from any public depository.

**34.08 State deposit guarantee fund.** (1) (a) Payments made as required by this chapter shall be set apart from other funds of the state and shall constitute the state deposit fund. Such fund shall be used for the payment to public depositors of losses as defined by s. 34.01 (6), the repayment of any sums borrowed by the state of Wisconsin investment board for the purpose of paying losses required to be paid out of such fund, and for the payment of administrative expenses under s. 20.480 (72). Such fund shall be deposited by the state of Wisconsin investment board as are other funds of the state. On July 1,

1955, the segregated state deposit fund authorized by s. 34.08 (1) shall be discontinued and the balance therein shall be transferred to the general fund. Any payments made by public depositors after July 1, 1955, pursuant to the provisions of this chapter shall reconstitute the state deposit fund and shall be used to make any payments for losses, expenses of administration or reinsurance after the sum transferred to the general fund plus interest is exhausted. On satisfactory proof of loss, the state of Wisconsin investment board shall direct the department of administration to draw its warrant payable from the state deposit fund in payment of such loss as provided in this chapter, and the state treasurer shall promptly pay such warrant out of moneys in his hands to the credit of the state deposit fund.

(2) Every bank receiving or having any public funds on deposit, shall on the last day of March, June, September and December in each year pay into the state deposit fund at the per cent rate per year on the average daily balance of such deposits so deposited with it for the preceding 3 months' period as fixed by the state of Wisconsin investment board, such sum to be collected by the depository from the depositors. As used in this section 90 days shall constitute a 3 months' or quarterly period and the average daily balance base shall be the average of such public fund deposit as of the close of business 3 days each month or a total of 9 days for each 3 months' or quarterly period as determined by the state of Wisconsin investment board on or before the last day of each quarterly period for which the report is due. The state of Wisconsin investment board shall notify all public depositories of the dates selected and said depositories shall render reports in conformity therewith on blank forms which shall be furnished by the state of Wisconsin investment board. Any public depository which shall refuse or neglect to make such report and remittance to the state of Wisconsin investment board within 15 days after its due date shall pay into the state deposit fund the sum of \$5 for each and every day of tardiness in excess of 15 days. In the event the amount required to be paid into the state deposit fund on any given public deposit shall be greater than the interest earned on such public deposits, then the public depository is hereby authorized to deduct the difference from the principal of such public deposit. In the event the amount required to be paid into the state deposit fund on private funds held in trust by a public officer for private persons, corporations or associations of individuals shall be greater than the net interest received, then the public depository is hereby authorized to deduct the difference from the principal of such private fund. Amounts due the state deposit fund for the quarter in which a loss occurs shall be deducted before payment of such claim.

(3) (a) Losses as defined by section 34.01 (6) shall become fixed as of the date the loss occurs and shall be paid pro rata based on the original loss out of the state deposit fund without interest, as rapidly as sufficient funds are available in the state deposit fund to permit a payment of not less than 5 per cent except in case of final payment. Any funds received by the state of Wisconsin investment board as a loan shall be paid pro rata to all public depositors whose interest in claims against public depositories are pledged to secure such loans. Claims having a balance of \$500 or less shall be paid in full at the time of the making of the next succeeding payment of claims from the public deposit fund. On the occurrence of a loss as defined in section 34.01 (6) each public depositor suffering such a loss shall within 60 days thereafter assign all its interest in such deposit to the state deposit fund and on failure so to do shall forfeit all right of claim against the state deposit fund.

**34.09 Banks as public depositories.** Every state bank, savings and trust company and mutual savings bank and every national bank located in this state which shall file with the state of Wisconsin investment board an agreement that it will pay over to the state deposit fund the amounts required to be paid on average daily balances of public deposits under section 34.08 (2) and will comply in all respects as to public deposits with the provisions of chapter 34 and which meets the qualifications required by the rules and regulations of the state of Wisconsin investment board, may be designated as a public depository and may receive and hold public deposits, subject to the provisions of this chapter, in an amount not in excess of the amount specified by the state of Wisconsin investment board. The state of Wisconsin investment board, upon request, shall advise any interested persons what banks have qualified to become public depositories and any such bank may thereafter be designated by any governing board as a public depository. The state of Wisconsin investment board shall have the same powers and duties with regard to making and continuing public deposits in national banks as the powers and duties exercised and performed by it with regard to public deposits in state banks.

**34.10 Reorganization and stabilization of banks.** Whenever the commissioner of banks or the comptroller of the currency with a view of restoring the solvency of any bank of which he has taken charge, pursuant to law, or with a view to stabilizing and readjusting the banking structure of any national or state banking institution located in this state,

shall approve a reorganization plan or a stabilization and readjustment agreement entered into between such bank and depositors and unsecured creditors, or when a bank, with the approval of the commissioner of banks or comptroller of currency proposes to sell its assets to another bank which agrees to assume a part or all of the deposit liability of such selling bank and to pay the same on a deferred payment basis, the governing board of such public depositor may, on the approval of the state of Wisconsin investment board, join in the execution of any reorganization plan, or any stabilization and readjustment agreement, or any depositor's agreement relative to a proposed sale of assets if, in its judgment and that of the state of Wisconsin investment board, such reorganization plan or stabilization and readjustment agreement or proposed sale of assets is in the best interest of all persons concerned. The joining in any such reorganization plan, or any stabilization and readjustment agreement, or any proposed sale of assets which meets the approval of the state of Wisconsin investment board shall not operate as a waiver of any rights arising under this chapter.

**34.105 Withdrawal of public funds.** (1) Withdrawal or disbursement by a treasurer of any county, city, village, town or school district of moneys deposited in a public depository shall be made as provided by s. 66.042 (1) to (5). "Treasurer" as used herein means only the elected, appointed or acting official treasurer of a county, city, village, town or school district and does not include all of the other persons within the definition of that term in s. 34.01 (7). This section shall not affect the provisions of s. 67.10 (2).

(2) Withdrawal or disbursement of moneys deposited in a public depository by treasurers as defined in s. 34.01 (7), except those mentioned in s. 34.105 (1) shall be as provided in s. 66.042 (6).

**34.11 Penalties.** Any person who shall wilfully violate any provisions of sections 34.01 to 34.10, or any orders, rules or regulations promulgated by the board under the provisions of said sections, shall be guilty of a misdemeanor and for each and every such offense shall, upon conviction thereof, be punished by a fine of not more than five hundred dollars or by imprisonment in the county jail for not more than six months, or by both such fine and imprisonment.