

Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 10-0124.01 Troy Bratton

HOUSE BILL 10-1075

HOUSE SPONSORSHIP

Kagan and Sonnenberg, Soper

SENATE SPONSORSHIP

Williams and Harvey,

House Committees

Business Affairs and Labor

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE AUTHORITY FOR PUBLIC ENTITIES TO USE CREDIT**
102 **UNIONS AS FINANCIAL INSTITUTIONS, AND, IN CONNECTION**
103 **THEREWITH, ALLOWING CREDIT UNIONS TO MAKE LOANS TO**
104 **PUBLIC ENTITIES AND ALLOWING FOR THE DEPOSIT OF PUBLIC**
105 **MONEYS IN CREDIT UNIONS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Currently, state law allows public moneys to be deposited in or

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

invested with banks and savings and loan associations that are protected by the federal deposit insurance corporation.

The bill permits the deposit or investment of public moneys into a credit union so long as the credit union is protected by the national credit union administration.

The bill also authorizes credit unions to make loans to public entities.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** 11-30-104 (1) (p), Colorado Revised Statutes, is
3 amended to read:

4 **11-30-104. Powers.** (1) A credit union has the following powers
5 to:

6 (p) Act as fiscal agent for, ~~and~~ receive payments on shares and
7 deposits from, AND MAKE LOANS TO nonmember units of the federal
8 government or the state of Colorado or any agency or political
9 subdivision thereof;

10 **SECTION 2.** 11-40-106 (1) (c), Colorado Revised Statutes, is
11 amended to read:

12 **11-40-106. Annual fees and assessments - fund.** (1) Every
13 domestic savings and loan association operating in this state shall pay to
14 the division of financial services such fees for administration,
15 supervision, and examination as the commissioner may determine
16 sufficient to meet the budget of the division of financial services as
17 appropriated by the general assembly for the fiscal year commencing July
18 1. The fees shall be determined as follows:

19 (c) At least semiannually, the commissioner shall assess each state
20 and federal savings and loan association that has been designated as an
21 eligible public depository, as defined in section 11-47-103 (6), based on
22 its total public deposits held, to meet its share of the division's

1 supervisory costs of monitoring compliance with the provisions of the
2 "CREDIT UNION AND Savings and Loan Association Public Deposit
3 Protection Act", article 47 of this title, for that fiscal year. Such
4 assessments shall be calculated in terms of cents per thousand dollars of
5 total public deposits held. The assessment calculation, or ratio of the
6 assessment charged to total public deposits held, shall be alike in all
7 cases. On or before the dates specified by the commissioner, each
8 association shall pay its assessment.

9 **SECTION 3.** 11-47-101, Colorado Revised Statutes, is amended
10 to read:

11 **11-47-101. Short title.** This article shall be known and may be
12 cited as the "CREDIT UNION AND Savings and Loan Association Public
13 Deposit Protection Act".

14 **SECTION 4.** 11-47-102 (1), Colorado Revised Statutes, is
15 amended to read:

16 **11-47-102. Legislative declaration.** (1) The general assembly
17 declares that the purpose of this article is to provide protection of public
18 moneys on deposit in ~~state-chartered and federally chartered~~ CREDIT
19 UNIONS AND savings and loan associations in this state above and beyond
20 the protection provided by the federal deposit insurance corporation or its
21 successor OR THE NATIONAL CREDIT UNION ADMINISTRATION OR ITS
22 SUCCESSOR, AS APPLICABLE, and to ensure prompt payment of deposit
23 liabilities to governmental units in the event of default or insolvency of
24 any such association.

25 **SECTION 5.** 11-47-103 (2), (6), and (10), Colorado Revised
26 Statutes, are amended, and the said 11-47-103 is further amended BY
27 THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to

1 read:

2 **11-47-103. Definitions.** As used in this article, unless the context
3 otherwise requires:

4 (2) "Capital funds" means:

5 (a) With respect to any ~~eligible public depository~~ SAVINGS AND
6 LOAN ASSOCIATION, the aggregate sum of its capital stock, surplus, and
7 undivided profits and of all reserves required by any law or regulation,
8 together with the amount of any debt subordinated to deposit liabilities
9 when such debt has been allowed to be included in its stated capital
10 position by the applicable regulatory authority;

11 (b) WITH RESPECT TO ANY CREDIT UNION, ITS NET WORTH AS
12 DEFINED IN 12 CFR 702.2, AS AMENDED, PLUS CURRENT EARNINGS.

13 (3.5) "CREDIT UNION" MEANS A STATE- OR FEDERALLY CHARTERED
14 CREDIT UNION.

15 (6) "Eligible public depository" means any ~~state-chartered savings~~
16 ~~and loan association or any federally chartered~~ CREDIT UNION OR savings
17 and loan association having an office in this state ~~which~~ THAT is
18 authorized by the laws of THIS STATE OR the United States to accept
19 deposit OR SHARE accounts, which deposits OR SHARES are insured by the
20 federal deposit insurance corporation or its successor OR AS SPECIFIED IN
21 SECTION 11-30-117.5, and which depository has been designated as an
22 eligible public depository by the commissioner.

23 (10) "Net deposit liability" means, with respect to a ~~defaulting~~
24 ~~depository~~ SAVINGS AND LOAN ASSOCIATION, the amount of its deposit
25 liability to a governmental unit after deduction of any applicable federal
26 deposit insurance corporation or its successor insurance ~~with respect~~
27 ~~thereto~~ OR, WITH RESPECT TO A CREDIT UNION, THE AMOUNT OF ITS

1 DEPOSIT LIABILITY TO A GOVERNMENTAL UNIT AFTER DEDUCTION OF ANY
2 APPLICABLE NATIONAL CREDIT UNION ADMINISTRATION OR ITS SUCCESSOR
3 OR OTHER AUTHORIZED INSURANCE.

4 (12.5) "SAVINGS AND LOAN ASSOCIATION" MEANS A STATE- OR
5 FEDERALLY CHARTERED SAVINGS AND LOAN ASSOCIATION.

6 **SECTION 6.** 11-47-105 (1), Colorado Revised Statutes, is
7 amended to read:

8 **11-47-105. Acceptance of provisions - designation as eligible**
9 **public depository.** (1) ~~Every state-chartered savings and loan~~
10 ~~association and every federally chartered~~ A CREDIT UNION OR savings and
11 loan association having an office in this state that is otherwise eligible to
12 be an eligible public depository and that desires to accept and hold public
13 deposits in an amount in excess of the amount insured by the federal
14 deposit insurance corporation or its successor, THE NATIONAL CREDIT
15 UNION ADMINISTRATION OR ITS SUCCESSOR, OR OTHER AUTHORIZED
16 INSURER, AS APPLICABLE, shall file with the commissioner, on a form
17 provided by him or her for such purpose, a statement signed and sworn
18 to by an executive officer of such CREDIT UNION OR SAVINGS AND LOAN
19 association electing to accept and become subject to the provisions of this
20 article and setting forth the amount of its capital funds and the aggregate
21 amount and nature of all public deposits held by it. Upon the filing of
22 such statement and acceptance, the commissioner shall forthwith
23 designate such CREDIT UNION OR savings and loan association as an
24 eligible public depository and shall issue an appropriate certificate
25 evidencing such designation.

26 **SECTION 7.** 11-47-108 (1), Colorado Revised Statutes, is
27 amended to read:

1 **11-47-108. Method of securing public deposits.** (1) Except as
2 provided in section 11-47-112 (6) (a), any eligible public depository shall
3 secure public deposits accepted and held by it by pledging eligible
4 collateral having a market value, at all times, equal to at least one hundred
5 percent of the aggregate of said deposits not insured by the federal deposit
6 insurance corporation or its successor, THE NATIONAL CREDIT UNION
7 ADMINISTRATION OR ITS SUCCESSOR, OR OTHER AUTHORIZED INSURER, AS
8 APPLICABLE.

9 **SECTION 8.** 11-47-109 (1), Colorado Revised Statutes, is
10 amended to read:

11 **11-47-109. Where collateral held - right of substitution -**
12 **income derived.** (1) The eligible collateral required to be pledged as
13 provided in section 11-47-108 shall be held in escrow by another CREDIT
14 UNION OR savings and loan association in Colorado, by a state or national
15 bank in Colorado, or by any federal home loan bank or branch thereof or
16 any federal reserve bank or branch thereof approved by the commissioner,
17 and held in such manner as the financial services board shall prescribe by
18 rule. All collateral so held shall be clearly identified as being security
19 maintained or pledged for the aggregate amount of public deposits
20 accepted and held on deposit by said eligible public depository.

21 **SECTION 9.** 11-47-112 (1) and (6) (a), Colorado Revised
22 Statutes, are amended to read:

23 **11-47-112. Power and authority of financial services board -**
24 **rules.** (1) The commissioner shall have specific power and authority to
25 require any eligible public depository to furnish, at any time, such
26 information as the commissioner may request or demand concerning the
27 amount of public deposits held by it, the portion thereof that is insured by

1 the federal deposit insurance corporation or its successor, THE NATIONAL
2 CREDIT UNION ADMINISTRATION OR ITS SUCCESSOR, OR OTHER
3 AUTHORIZED INSURER, AS APPLICABLE, the amount of its capital funds,
4 and the nature, amount, market value, and location of the eligible
5 collateral maintained or pledged by it to secure said deposits.

6 (6) (a) The financial services board may promulgate rules to
7 require an eligible public depository to reduce or eliminate its uninsured
8 public deposit liability if said depository's regulatory capital does not
9 comply with the minimum requirement of the federal deposit insurance
10 corporation or its successor, THE NATIONAL CREDIT UNION
11 ADMINISTRATION OR ITS SUCCESSOR, OR OTHER AUTHORIZED INSURER, AS
12 APPLICABLE. Notwithstanding any other provision in this article to the
13 contrary, the financial services board also may promulgate rules to require
14 a depository to pledge eligible collateral having a market value in excess
15 of one hundred percent of the aggregate amount of public deposits not
16 insured by the federal deposit insurance corporation or its successor, THE
17 NATIONAL CREDIT UNION ADMINISTRATION OR ITS SUCCESSOR, OR OTHER
18 AUTHORIZED INSURER, AS APPLICABLE, if said depository's regulatory
19 capital does not comply with the minimum requirement of the federal
20 deposit insurance corporation or its successor, THE NATIONAL CREDIT
21 UNION ADMINISTRATION OR ITS SUCCESSOR, OR OTHER AUTHORIZED
22 INSURER, AS APPLICABLE. Notwithstanding any other provision in this
23 article to the contrary, the financial services board may promulgate rules
24 to require an eligible public depository to pledge a minimum amount of
25 eligible collateral.

26 **SECTION 10.** 11-47-113 (1) (b) and (1) (e), Colorado Revised
27 Statutes, are amended to read:

1 **11-47-113. Procedure when event of default occurs.** (1) When
2 the commissioner has determined that an event of default has occurred
3 with respect to any eligible public depository and has determined and
4 fixed the date of such occurrence, he or she shall proceed in the following
5 manner:

6 (b) Within twenty days after seizing and taking possession of all
7 eligible collateral pursuant to paragraph (a) of this subsection (1), the
8 commissioner shall ascertain the aggregate amount of public deposits
9 held by the defaulting depository, as disclosed by the records of such
10 depository, and the portion thereof that is insured by the federal deposit
11 insurance corporation or its successor, THE NATIONAL CREDIT UNION
12 ADMINISTRATION OR ITS SUCCESSOR, OR OTHER AUTHORIZED INSURER, AS
13 APPLICABLE, and shall notify each affected governmental unit of the
14 amount of its deposit, as so disclosed, and the portion thereof that is so
15 insured, and shall require each affected governmental unit to provide him
16 or her with a verified statement showing the amount of its deposit, as
17 disclosed by its own records, within thirty days after receipt of such
18 notification.

19 (e) In the event the federal deposit insurance corporation or its
20 successor OR THE NATIONAL CREDIT UNION ADMINISTRATION OR ITS
21 SUCCESSOR, OR OTHER AUTHORIZED INSURER, AS APPLICABLE, is appointed
22 and acts as liquidator or receiver of any eligible public depository under
23 state or federal law, those duties specified in this section to be performed
24 by the commissioner may, where the commissioner deems appropriate, be
25 delegated by the commissioner to and performed by the federal deposit
26 insurance corporation or its successor OR THE NATIONAL CREDIT UNION
27 ADMINISTRATION OR ITS SUCCESSOR, OR OTHER AUTHORIZED INSURER, AS

1 APPLICABLE.

2 **SECTION 11.** 11-47-118 (1) and (3), Colorado Revised Statutes,
3 are amended to read:

4 **11-47-118. Public moneys to be deposited only in eligible**
5 **public depositories - penalty for violation - rules.** (1) It shall be
6 unlawful for any public moneys to be deposited in ~~any state-chartered~~
7 ~~savings and loan association, or in any federally chartered~~ A CREDIT
8 UNION OR savings and loan association having its principal office in this
9 state, other than one that has been designated by the commissioner as an
10 eligible public depository, unless the entire amount of such deposit is
11 insured by the federal deposit insurance corporation or its successor, THE
12 NATIONAL CREDIT UNION ADMINISTRATION OR ITS SUCCESSOR, OR OTHER
13 AUTHORIZED INSURER, AS APPLICABLE.

14 (3) Notwithstanding any other provision of this section to the
15 contrary, nothing shall be construed to prevent a CREDIT UNION OR
16 savings and loan association ~~which~~ THAT is an eligible public depository
17 operating pursuant to the provisions of this article from being or acting
18 as an agent in behalf of any public entity for the purposes of making
19 investments as authorized by part 6 of article 75 of title 24, C.R.S. Any
20 such CREDIT UNION OR savings and loan association shall maintain such
21 accounting records as are necessary to readily distinguish between the
22 activities authorized by said part 6 of article 75 of title 24, C.R.S., and the
23 purposes of the public deposit protection requirements imposed upon it
24 as a condition of being an eligible public depository. The financial
25 services board may promulgate such rules and regulations as it deems
26 desirable to ensure that the activities authorized under part 6 of article 75
27 of title 24, C.R.S., and the protection of public funds pursuant to this

1 article are not commingled.

2 **SECTION 12.** 11-47-120, Colorado Revised Statutes, is amended
3 to read:

4 **11-47-120. Authority to accept deposits - acceptance of**
5 **insured deposits.** ~~Any state-chartered savings and loan association, or~~
6 ~~any federally chartered~~ A CREDIT UNION OR savings and loan association
7 having its principal office in this state that is authorized by the laws of
8 this state or of the United States to accept deposit accounts, SHARE
9 ACCOUNTS, or savings deposits is authorized to accept and hold, and any
10 governmental unit is authorized to make and maintain in such CREDIT
11 UNION OR association, deposits of public moneys as provided in this
12 article. Any such CREDIT UNION OR association is authorized to accept
13 and hold, and any governmental unit is authorized to make and maintain
14 therein, deposits of public moneys to the extent that the full amount
15 thereof is insured by the federal deposit insurance corporation or its
16 successor, THE NATIONAL CREDIT UNION ADMINISTRATION OR ITS
17 SUCCESSOR, OR OTHER AUTHORIZED INSURER, AS APPLICABLE, even
18 though such CREDIT UNION OR association has not elected to be designated
19 as an eligible public depository under the provisions of this article.

20 **SECTION 13.** 24-36-112, Colorado Revised Statutes, is amended
21 to read:

22 **24-36-112. Deposits in credit unions and savings and loan**
23 **associations.** (1) Subject to the requirements of subsection (4) of this
24 section, the state treasurer is authorized to deposit state moneys with any
25 state-chartered ~~savings and loan association,~~ or federally chartered CREDIT
26 UNION OR savings and loan association having its principal office in this
27 state, for fixed periods of time not exceeding three years, at such rate of

1 interest as may be negotiated from time to time, but in no event shall any
2 such deposit be in excess of the amount insured by the federal deposit
3 insurance corporation or its successor, THE NATIONAL CREDIT UNION
4 ADMINISTRATION OR ITS SUCCESSOR, OR OTHER AUTHORIZED INSURER, AS
5 APPLICABLE, unless such CREDIT UNION OR savings and loan association
6 has been designated as an eligible public depository by the state
7 commissioner of financial services, pursuant to the provisions of article
8 47 of title 11, C.R.S.

9 (2) Any such CREDIT UNION OR savings and loan association is
10 authorized to accept deposits of state moneys to the extent permitted in
11 this section.

12 (3) For the purpose of making such deposits, the state treasurer
13 may, in his OR HER discretion, appoint in writing one or more persons to
14 act as custodians of the moneys. Such persons shall give surety bonds in
15 such amounts and form and for such purposes as the state treasurer
16 requires.

17 (4) (a) The state treasurer shall deposit state moneys for fixed
18 periods in state-chartered or federally chartered CREDIT UNIONS OR
19 savings and loan associations that have applied and are eligible as
20 depositories for state moneys pursuant to subsection (1) of this section
21 and pursuant to the time deposit rules established by the department of the
22 treasury that are in effect at that time in accordance with the procedure
23 established in paragraph (b) of this subsection (4) or in paragraph (c) of
24 this subsection (4). Such procedure utilized shall be at the discretion of
25 the treasurer.

26 (b) (I) Except as provided in paragraph (c) of this subsection (4),
27 when state moneys become available for time deposits pursuant to

1 subsection (1) of this section, the state treasurer shall announce the
2 interest rate at which state moneys may be deposited for a fixed period in
3 eligible state-chartered or federally chartered CREDIT UNIONS OR savings
4 and loan associations but shall not disclose the amount of state moneys
5 available for deposit.

6 (II) An eligible state-chartered or federally chartered CREDIT
7 UNION OR savings and loan association may request the state treasurer to
8 deposit a specified amount of state moneys in that CREDIT UNION OR
9 savings and loan association at the interest rate announced by the
10 treasurer. Except as otherwise provided by subparagraph (III) of this
11 paragraph (b), the treasurer shall deposit all or a portion of the state
12 moneys available for deposit with any eligible state-chartered or federally
13 chartered CREDIT UNION OR UNIONS OR savings and loan association or
14 associations making such a request in an amount equal to the amount
15 requested by that CREDIT UNION OR savings and loan association.

16 (III) In the event that the total amount of state moneys requested
17 for deposit by all eligible state-chartered or federally chartered CREDIT
18 UNIONS OR savings and loan associations pursuant to subparagraph (II) of
19 this paragraph (b) exceeds the amount of state moneys available for
20 deposit, the state treasurer shall determine the total amount of state
21 moneys that all such CREDIT UNIONS OR savings and loan associations
22 requested for deposit and calculate the percentage of such total that each
23 eligible state-chartered or federally chartered CREDIT UNION OR savings
24 and loan association requested. The state treasurer shall deposit with each
25 eligible state-chartered or federally chartered CREDIT UNION OR savings
26 and loan association an amount equal to the product of such percentage
27 multiplied by the total amount of state moneys available for deposit.

1 (c) (I) In the alternative to paragraph (b) of this subsection (4),
2 when state moneys become available for time deposits pursuant to
3 subsection (1) of this section, the state treasurer shall announce the
4 amount of state moneys available for deposit for a fixed period in any
5 eligible state-chartered or federally chartered CREDIT UNIONS OR savings
6 and loan associations but shall not announce the interest rate at which
7 such moneys shall be deposited.

8 (II) Except as provided by subparagraph (III) of this paragraph (c),
9 any eligible state-chartered or federally chartered CREDIT UNION OR
10 savings and loan association may submit a bid to the state treasurer
11 specifying the interest rate that the eligible CREDIT UNION OR savings and
12 loan association will pay if state moneys are deposited in such CREDIT
13 UNION OR savings and loan association and the amount of such moneys
14 the CREDIT UNION OR savings and loan association will accept for deposit
15 at that interest rate. The CREDIT UNION OR savings and loan association
16 submitting a bid with the highest interest rate shall be awarded the deposit
17 of state moneys in the full amount requested or the full amount available
18 for deposit at that time, whichever is less.

19 (III) In the event that two or more eligible state-chartered or
20 federally chartered CREDIT UNIONS OR savings and loan associations
21 submit the highest bid for the same interest rate and the total amount
22 requested for deposit by the eligible CREDIT UNIONS OR savings and loan
23 associations exceeds the amount of state moneys available for deposit at
24 that time, the state treasurer shall determine the total amount of state
25 moneys that all such CREDIT UNIONS OR savings and loan associations
26 requested for deposit and calculate the percentage of such total that each
27 eligible state-chartered or federally chartered CREDIT UNION OR savings

1 and loan association requested. The state treasurer shall deposit with each
2 eligible state-chartered or federally chartered CREDIT UNION OR savings
3 and loan association an amount equal to the product of such percentage
4 multiplied by the total amount of state moneys available for deposit.

5 (IV) In the event that depositing state moneys in the highest
6 bidding eligible state-chartered or federally chartered CREDIT UNION OR
7 UNIONS OR savings and loan association or associations does not exhaust
8 the state moneys available for deposit at that time, the state treasurer shall
9 deposit the remaining moneys in other eligible CREDIT UNIONS OR savings
10 and loan associations giving priority to the highest remaining bidders.

11 (V) The state treasurer shall have the authority to establish a
12 minimum acceptable bid for an interest rate. The rate shall be announced
13 before the start of the bidding by any eligible state-chartered or federally
14 chartered CREDIT UNION OR savings and loan association.

15 **SECTION 14.** 24-75-603, Colorado Revised Statutes, is amended
16 to read:

17 **24-75-603. Depositories - definition.** (1) It is lawful for the state
18 of Colorado and any of its institutions and agencies, counties,
19 municipalities, and districts, and any other political subdivision of the
20 state, and any department, agency, or instrumentality thereof, or any
21 political or public corporation of the state, whenever any of the foregoing
22 have funds, and for any bank, savings and loan association, industrial
23 bank, credit union, fraternal benefit society, trust deposit and security
24 company, trust company, or any other financial institution operating under
25 the laws of this state having funds in their possession or custody,
26 respectively, to deposit, or cause to be deposited either by or through the
27 treasurer or such other custodian of funds as may be appointed, such

1 funds so eligible for investment in any state bank, national bank, STATE
2 OR FEDERAL CREDIT UNION, or state or federal savings and loan
3 association in Colorado that is, at the time the deposit is made:

4 (a) A member of the federal deposit insurance corporation or its
5 successor to the extent that the deposit is insured by the federal deposit
6 insurance corporation or its successor or is secured by pledge of eligible
7 collateral as required by statute; OR

8 (b) INSURED PURSUANT TO SECTION 11-30-117.5, C.R.S., TO THE
9 EXTENT THAT THE DEPOSIT IS INSURED BY THE NATIONAL CREDIT UNION
10 ADMINISTRATION OR ITS SUCCESSOR OR OTHER AUTHORIZED INSURER OR
11 IS SECURED BY A PLEDGE OF ELIGIBLE COLLATERAL AS REQUIRED BY LAW.

12 (2) Notwithstanding any provisions of law of this state or any rule
13 or requirement of any political subdivision thereof requiring security for
14 deposits in the form of collateral, surety bond, or any other form, such
15 security for deposits of public funds shall not be required to the extent
16 said deposits are insured by the federal deposit insurance corporation or
17 its successor, THE NATIONAL CREDIT UNION ADMINISTRATION OR ITS
18 SUCCESSOR, OR OTHER AUTHORIZED INSURER, AS APPLICABLE.

19 (3) Repealed.

20 (4) In lieu of or in addition to other statutory authorization for the
21 investment of public funds, any public funds that are not needed for
22 current operating expenses may be invested in accordance with the
23 following conditions:

24 (a) The public funds shall initially be placed by the public entity
25 in a bank, CREDIT UNION, or savings and loan association located in this
26 state that is an eligible public depository certified by the state banking
27 board or the state financial services board that offers ON ITS SHARES OR

1 DEPOSITS federal deposit insurance corporation insurance, ~~on its deposits~~
2 NATIONAL CREDIT UNION ADMINISTRATION INSURANCE, OR OTHER
3 AUTHORIZED INSURANCE, OR INSURANCE BY ANY SUCCESSOR ENTITIES TO
4 THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE NATIONAL CREDIT
5 UNION ADMINISTRATION, OR OTHER AUTHORIZED INSURER;

6 (b) The selected eligible public depository simultaneously shall
7 arrange for the deposit of any public funds initially placed in such eligible
8 public depository that are in excess of the amount insured by the federal
9 deposit insurance corporation or its successor, THE NATIONAL CREDIT
10 UNION ADMINISTRATION OR ITS SUCCESSOR, OR OTHER AUTHORIZED
11 INSURER, AS APPLICABLE, in one or more certificates of deposit fully
12 insured by the federal deposit insurance corporation OR BY THE NATIONAL
13 CREDIT UNION ADMINISTRATION OR OTHER AUTHORIZED INSURER in one
14 or more other banks, CREDIT UNIONS, or savings and loan associations
15 wherever located in the United States, for the account of the public entity;

16 (c) At the same time the public funds are deposited and the
17 certificates of deposit are issued for the benefit of the public entity, the
18 eligible public depository shall receive an amount of deposits from
19 customers of other banks, CREDIT UNIONS, or savings and loan
20 associations equal to the amount of the public funds initially placed by the
21 public entity;

22 (d) Each such certificate of deposit shall be insured by the federal
23 deposit insurance corporation or its successor, THE NATIONAL CREDIT
24 UNION ADMINISTRATION OR ITS SUCCESSOR, OR OTHER AUTHORIZED
25 INSURER, AS APPLICABLE;

26 (e) The selected eligible public depository shall act as custodian
27 for the public entity with respect to the certificates of deposit issued for

1 the public entity's account;

2 (f) Public funds invested in accordance with paragraphs (a) to (e)
3 of this subsection (4) are not subject to the collateralization, requirements,
4 or restrictions of article 10.5 of title 11, C.R.S., except for certification as
5 an eligible public depository as provided in paragraph (a) of this
6 subsection (4); and

7 (g) Banks, CREDIT UNIONS, and savings and loan associations that
8 accept public funds for the purposes of investing them in accordance with
9 paragraphs (a) to (e) of this subsection (4) are not subject to the additional
10 requirements or restrictions of article 10.5 of title 11, C.R.S., except for
11 certification as an eligible public depository as provided in paragraph (a)
12 of this subsection (4).

13 (5) AS USED IN THIS SECTION, "FINANCIAL INSTITUTION" MEANS:

14 (a) A BANK, AS DEFINED IN SECTION 11-10.5-103 (2), C.R.S.,
15 WHOSE DEPOSITS ARE INSURED BY THE FEDERAL DEPOSIT INSURANCE
16 CORPORATION OR ITS SUCCESSOR;

17 (b) A CREDIT UNION ORGANIZED OR CHARTERED UNDER THE LAWS
18 OF ANY STATE OR OF THE UNITED STATES WHOSE SHARES AND DEPOSITS
19 ARE INSURED BY THE NATIONAL CREDIT UNION ADMINISTRATION OR ITS
20 SUCCESSOR OR OTHER AUTHORIZED INSURER; OR

21 (c) A SAVINGS AND LOAN ASSOCIATION ORGANIZED OR CHARTERED
22 UNDER THE LAWS OF ANY STATE OR OF THE UNITED STATES WHOSE
23 DEPOSITS ARE INSURED BY THE FEDERAL DEPOSIT INSURANCE
24 CORPORATION OR ITS SUCCESSOR.

25 **SECTION 15.** 30-10-708 (1), Colorado Revised Statutes, is
26 amended to read:

27 **30-10-708. Deposit of funds in banks, credit unions, and**

1 **savings and loan associations.** (1) In all counties of this state, the
2 county treasurer shall deposit all the funds and moneys of whatever kind
3 that come into the treasurer's possession by virtue of the office, in the
4 treasurer's name as treasurer, in one or more state banks, national banks,
5 or, in compliance with the provisions of article 47 of title 11, C.R.S.,
6 CREDIT UNIONS OR savings and loan associations that have previously
7 been approved and designated by written resolution duly adopted by a
8 majority vote of the board of county commissioners, which shall be
9 entered in its minutes. The board, by written resolution similarly adopted,
10 may authorize the county treasurer to invest all or any part of the funds
11 and moneys in securities meeting the investment requirements established
12 in part 6 of article 75 of title 24, C.R.S. For the purposes of investment
13 of funds of the county as set forth in said part 6, the board, by written
14 resolution, may appoint one or more custodians of the funds, and such
15 persons shall give surety bonds in such amounts and form and for such
16 purposes as the board requires.

17 **SECTION 16.** 31-20-303 (1) (b) and (2), Colorado Revised
18 Statutes, are amended to read:

19 **31-20-303. Deposits - investments - interest - no liability.**
20 (1) (b) Subject to the requirements of part 6 of article 75 of title 24,
21 C.R.S., in all cities and towns in this state, the treasurer shall deposit all
22 the funds and moneys that come into ~~his~~ THE TREASURER'S possession by
23 virtue of his OR HER office, in his OR HER name as treasurer or in the name
24 of such other custodian as has been appointed by resolution, in one or
25 more state banks, national banks having their principal office in this state,
26 or, in compliance with the provisions of article 47 of title 11, C.R.S.,
27 CREDIT UNIONS OR savings and loan associations having their principal

1 offices in this state ~~which~~ THAT have been approved and designated by
2 resolution. The governing body by resolution may authorize the
3 investment of all or any part of such funds and moneys in any type of
4 security or form of investment authorized by part 6 of article 75 of title
5 24, C.R.S., or by any other law of this state. All securities so purchased
6 shall be duly registered in the name of the treasurer or other custodian
7 appointed by resolution and, if issued in a form so permitting, shall be
8 deposited and safely kept by him OR HER in the custody of some state or
9 national bank located in this state. The governing body, by resolution,
10 shall establish requirements for the sale or other disposal of securities and
11 for the deposit or reinvestment of any proceeds, subject to the restrictions
12 set forth in this section. For the purposes of investment of funds of the
13 city or town, the governing body of the city or town, by resolution, may
14 appoint one or more custodians of the funds and moneys, and such
15 persons shall give surety bonds in such amount and form and for such
16 purposes as the governing body may require.

17 (2) Such funds and moneys may be deposited in said banks,
18 CREDIT UNIONS, and savings and loan associations in demand accounts,
19 in interest-bearing OR DIVIDEND-BEARING savings accounts, or in
20 certificates of deposit OR SHARE CERTIFICATES for fixed periods of time
21 at such rates of interest as may be negotiated from time to time. All
22 interest AND DIVIDENDS credited or received on such deposits shall
23 become a part of the general fund of the city or town or of such other
24 fund as the governing body designates.

25 **SECTION 17.** 38-37-113 (1), Colorado Revised Statutes, is
26 amended to read:

27 **38-37-113. Checking account - custodial funds.** (1) In the

1 performance of his or her duties under this article and article 38 of this
2 title, the public trustee of each county shall have the authority to establish
3 and manage one or more of the following accounts: An automated
4 clearing house account, checking account, escrow account, custodial
5 account, similar banking services, or similar overnight depository account
6 with a bank, CREDIT UNION, or savings and loan association that is an
7 eligible public depository under the "Public Deposit Protection Act",
8 article 10.5 of title 11, C.R.S., or the "CREDIT UNION AND Savings and
9 Loan Association Public Deposit Protection Act", article 47 of title 11,
10 C.R.S. A public trustee may also participate in local government
11 investment pool trust funds as described in part 7 of article 75 of title 24,
12 C.R.S., and invest public funds in eligible money market mutual funds
13 described in part 6 of article 75 of title 24, C.R.S.

14 **SECTION 18. Act subject to petition - effective date.** This act
15 shall take effect at 12:01 a.m. on the day following the expiration of the
16 ninety-day period after final adjournment of the general assembly (August
17 11, 2010, if adjournment sine die is on May 12, 2010); except that, if a
18 referendum petition is filed pursuant to section 1 (3) of article V of the
19 state constitution against this act or an item, section, or part of this act
20 within such period, then the act, item, section, or part shall not take effect
21 unless approved by the people at the general election to be held in
22 November 2010 and shall take effect on the date of the official
23 declaration of the vote thereon by the governor.