

**STATE and LOCAL  
FISCAL IMPACT**

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<b>Drafting Number:</b> LLS 14-0870	<b>Date:</b> March 11, 2014
<b>Prime Sponsor(s):</b> Rep. McNulty Sen. Johnston	<b>Bill Status:</b> House Business, Labor, Economic, and Workforce Development
	<b>Fiscal Analyst:</b> Kristen Koehler (303-866-4918)

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**SHORT TITLE:** REINVEST GOVERNMENT MONEYS FDIC INSURED ACCOUNTS

<b>Fiscal Impact Summary</b>	<b>FY 2014-2015</b>	<b>FY 2015-2016</b>
<b>State Revenue</b>		
<b>State Expenditures</b>		
<b>FTE Position Change</b>		
<b>Appropriation Required:</b> None.		

**Summary of Legislation**

Under the Colorado Public Deposit Protection Act (PDPA), public funds deposited into bank deposit accounts (savings, checking, bank money-market, and certificate of deposit accounts) by any of the state's subdivisions must be insured by the Federal Deposit Insurance Corporation (FDIC). Any moneys invested in excess of the allowable FDIC-insured amounts are to be deposited by the bank into the certificates of deposit of another FDIC-insured bank.

This bill specifies that moneys deposited in excess of the FDIC-insured amounts may be redeposited into FDIC-insured deposit accounts, rather than being redeposited into certificates of deposit. The bill also specifies the timing by which these transactions are to take place.

**State and Local Government Impact**

The fiscal impact of this bill on the state and local governments cannot be determined. Current law authorizes the state and local governments to invest any public funds not needed for current operating expenses in FDIC-insured bank deposit accounts; however, the governments are not required to invest the funds at all.

This bill allows for the redeposit of public funds invested in excess of the FDIC-insured amount in bank deposit accounts, instead of in certificates of deposit. Earnings on bank deposit accounts and certificates of deposit vary depending on the interest rate environment, rates offered by specific financial institutions, and the time until maturity of certificates of deposit. In general, deposit accounts offer more liquidity than certificates of deposit. Some public entities' cash management policies prioritize the safety and liquidity of funds invested, over the yield provided by the investment.

**Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

**State and Local Government Contacts**

Cities and Counties  
Treasury

Local Affairs  
Regulatory Affairs

Public Trustees