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**HOUSE BILL 1304**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Representatives Kirby and Vick

AN ACT Relating to allowing a public depository to arrange for reciprocal deposits of public funds; and amending RCW 39.58.080 and 39.58.085.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

**Sec.**  RCW 39.58.080 and 2005 c 203 s 1 are each amended to read as follows:

(1) Except for funds deposited pursuant to a fiscal agency contract with the state fiscal agent or its correspondent bank, funds deposited pursuant to a custodial bank contract with the state's custodial bank, and funds deposited pursuant to a local government multistate joint self-insurance program as provided in RCW 48.62.081, no public funds shall be deposited in demand or investment deposits except in a public depositary located in this state or as otherwise expressly permitted by statute: PROVIDED, That the commission, or the chair upon delegation by the commission, upon good cause shown, may authorize, for such time and upon such terms and conditions as the commission or chair deem appropriate, a treasurer to maintain a demand deposit account with a banking institution located outside the state of Washington solely for the purpose of transmitting money received to public depositaries in the state of Washington for deposit.

(2) Notwithstanding subsection (1) of this section, the commission, or the chair upon delegation by the commission, upon good cause shown, may authorize, for that time and upon the terms and conditions as the commission or chair deems appropriate, a treasurer to maintain a demand deposit account with a banking institution located outside the state of Washington for deposit of certain higher education endowment funds, for a specified instructional program or research project being performed outside the state of Washington.

(3) Notwithstanding subsection (1) of this section, public funds may be deposited in institutions located outside of Washington state if the following conditions are met:

(a) The funds must initially be deposited in a public depositary selected by the state or local government that is located in the state of Washington;

(b) The selected Washington state public depositary must arrange for the funds to be deposited in one or more federally insured banks or savings and loan associations, including out-of-state institutions, for the account of the state or local government;

(c) The full amount of the principal and any accrued interest of each deposit of funds into a depositary pursuant to (b) of this subsection must be insured by an agency of the federal government;

(d) The public depositary selected under (a) of this subsection must act as a custodian for the state or local government with respect to any deposits made pursuant to (b) of this subsection; and

(e) On the same date that the state or local government funds are deposited, the selected public depositary must receive deposits from customers of other financial institutions, which may include out-of-state institutions, in an amount equal to or greater than the amount of the funds initially deposited by the state or local government.

**Sec.**  RCW 39.58.085 and 2005 c 203 s 2 are each amended to read as follows:

(1)(a) The commission, or the chair upon delegation by the commission, may authorize state and local governmental entities to establish demand accounts in out-of-state and alien banks in an aggregate amount not to exceed one million dollars. No single governmental entity shall be authorized to hold more than fifty thousand dollars in one demand account.

(b) The governmental entities establishing such demand accounts shall be solely responsible for their proper and prudent management and shall bear total responsibility for any losses incurred by such accounts. Accounts established under the provisions of this section shall not be considered insured by the commission.

(c) The state auditor shall annually monitor compliance with this section and the financial status of such demand accounts.

(2) Subsection (1)(a) of this section does not apply to RCW 39.58.080 (2) and (3).

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