
HOUSE BILL 1304

State of Washington

64th Legislature

2015 Regular Session

By Representatives Kirby and Vick

Read first time 01/16/15. Referred to Committee on Business & Financial Services.

1 AN ACT Relating to allowing a public depository to arrange for
2 reciprocal deposits of public funds; and amending RCW 39.58.080 and
3 39.58.085.

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

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

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

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

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

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

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

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

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

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

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

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

38 (b) The governmental entities establishing such demand accounts
39 shall be solely responsible for their proper and prudent management

1 and shall bear total responsibility for any losses incurred by such
2 accounts. Accounts established under the provisions of this section
3 shall not be considered insured by the commission.

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

6 (2) Subsection (1)(a) of this section does not apply to RCW
7 39.58.080 (2) and (3).

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