

- Modification of the authority relating to presentment and payment of warrants by county treasurers may reduce expenditures.

Detailed Fiscal Analysis

The bill expands the types of securities that are eligible for repurchase under repurchase agreements invested in by political subdivisions and county treasurers. In addition to U.S. government, agency, or instrumentality issuances, these repurchase agreements may also be for specified U.S. government-related obligations, except letters of credit, eligible to be pledged as collateral for public deposits. Additionally, the bill apparently eliminates the requirement that investments in these agreements by political subdivisions and by county treasurers mature within five years if not matched to a specific obligation. This may increase investment earnings, but increase risk from interest rate fluctuation.

The bill provides to political subdivisions (other than counties, which already have the authority) the authority to retain the services of an investment advisor. The advisor must be registered with the Securities and Exchange Commission and possess experience in public funds investment management, specifically in the area of state and local government investment portfolios. This hiring of an advisor may increase expenditures, but the advice may increase investment earnings.

The bill eliminates the authority of the Treasurer of State, a treasurer or governing board of a political subdivision, or a county treasurer to require a public depository to deposit surety company bonds as collateral for public funds and adds surety bonds issued by a corporate surety licensed and authorized to issue surety bonds pursuant to the Guaranty and Surety Law to the list of single securities that may be pledged as collateral for public deposits. Additionally, the bill eliminates the separate list of securities eligible to be pooled and pledged as collateral for public deposits of the state, a subdivision, or a county and provides that the list of single securities specified in existing law as eligible for pledging, and surety bonds issued by corporate sureties eligible for pledging as authorized by the bill, also are eligible securities that may be pooled and pledged as collateral for these deposits. The bill requires that the total value of the pooled securities and FDIC or other insurance equals 105% (rather than 110%) of the amount of public funds deposited with that public depository. If pooled securities are substituted, exchanged, or released by a public depository, the total value of pooled, pledged securities must not be less than 105% (rather than 110%) of the amount of public funds deposited with that public depository, including FDIC or other insurance amounts.

The bill requires that a board of county commissioners must meet every four years (instead of 2) to designate public depositories of a county's active moneys (those moneys necessary to meet current demands on the county treasury) for the succeeding four-year period commencing on the date the previous designation expires. At least 60 days prior to the board's meeting, the county treasurer must provide an estimate of active moneys that might be available for deposit during the succeeding four-year period. This may decrease expenditures.

Warrants presented for payment from the county treasury or depository and all information related to the presentment of the warrant may be provided electronically to the county treasurer. The provisions regarding when a warrant is not paid for want of funds are also modified, eliminating requirements that a warrant be indorsed, signed, and dated by a county treasurer and instead requiring that the county treasurer record the warrant as not paid for want of funds. This may decrease expenditures if technology is already in place.