



**93RD GENERAL ASSEMBLY**  
**State of Illinois**  
**2003 and 2004**  
**HB4495**

Introduced 02/03/04, by Joseph M. Lyons

**SYNOPSIS AS INTRODUCED:**

30 ILCS 235/6.5 new

Amends the Public Funds Investment Act. Provides that whenever a public agency invests public funds in an interest-bearing savings account, interest-bearing certificate of deposit, or interest-bearing time deposit, the statutory requirements pertaining to the eligibility of a bank to receive or hold public deposits or to the pledging of collateral by a bank to secure public deposits do not apply to any bank receiving or holding all or part of the invested public funds if (i) the public agency initiates the investment at or through a bank having its main office in Illinois and (ii) the invested public funds are at all time fully insured by an agency or instrumentality of the federal government. Effective immediately.

LRB093 18678 BDD 44405 b

FISCAL NOTE ACT  
MAY APPLY

**A BILL FOR**

1 AN ACT concerning the investment of public funds.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Public Funds Investment Act is amended by  
5 adding Section 6.5 as follows:

6 (30 ILCS 235/6.5 new)

7 Sec. 6.5. Federally insured deposits at Illinois financial  
8 institutions.

9 (a) Notwithstanding any other provision of this Act or any  
10 other statute, whenever a public agency invests public funds in  
11 an interest-bearing savings account, interest-bearing  
12 certificate of deposit, or interest-bearing time deposit under  
13 Section 2 of this Act, the provisions of Section 6 of this Act  
14 and any other statutory requirements pertaining to the  
15 eligibility of a bank to receive or hold public deposits or to  
16 the pledging of collateral by a bank to secure public deposits  
17 do not apply to any bank receiving or holding all or part of  
18 the invested public funds if (i) the public agency initiates  
19 the investment at or through a bank having its main office in  
20 Illinois and (ii) the invested public funds are at all time  
21 fully insured by an agency or instrumentality of the federal  
22 government.

23 (b) Nothing in this Section is intended to:

24 (1) prohibit a public agency from requiring the bank at  
25 or through which the investment of public funds is  
26 initiated to provide the public agency with the information  
27 otherwise required by subsections (a), (b), or (c) of  
28 Section 6 of this Act as a condition of investing the  
29 public funds at or through that bank; or

30 (2) permit a bank to receive or hold public deposits if  
31 that bank is prohibited from doing so by any rule,  
32 sanction, or order issued by a regulatory agency or by a

1 court.

2 (c) for purposes of this Section, the term "bank" includes  
3 any person doing a banking business whether subject to the laws  
4 of this or any other jurisdiction.

5 Section 99. Effective date. This Act takes effect upon  
6 becoming law.