



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB1539

Introduced 2/20/2015, by Sen. Karen McConnaughay

SYNOPSIS AS INTRODUCED:

15 ILCS 520/5	from Ch. 130, par. 24
15 ILCS 520/16.3	
15 ILCS 520/22.5	from Ch. 130, par. 41a
30 ILCS 235/8	

Amends the Deposit of State Moneys Act. Makes various changes throughout the Act providing that nothing shall be construed as requiring a financial institution to provide a product or service in this State that the financial institution does not otherwise provide in this State. Makes a similar change in the Public Funds Investment Act. Effective immediately.

LRB099 10029 JLK 30250 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning finance.

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

4 Section 5. The Deposit of State Moneys Act is amended by
5 changing Sections 5, 16.3, and 22.5 as follows:

6 (15 ILCS 520/5) (from Ch. 130, par. 24)

7 Sec. 5. Each proposal shall state the amount of deposits
8 sought by such proposals and the rate of interest such bank or
9 savings and loan association will pay on daily balances. Each
10 proposal shall be enclosed in a sealed envelope bearing the
11 name of the bank or savings and loan association and labeled,
12 "proposal for deposit of State moneys".

13 Each proposal shall also include a commitment on the part
14 of the bidding bank or savings and loan association, executed
15 by its president, in the following form, provided that nothing
16 in this form shall be construed as requiring a financial
17 institution to provide a product or service in this State that
18 the financial institution does not otherwise provide in this
19 State:

20 The (name of bank or savings and loan
21 association) pledges not to reject arbitrarily mortgage loans
22 for residential properties within any specific part of the
23 community served by this depository because of the location of

1 the property. This depository also pledges to make loans
2 available on low and moderate income residential property
3 throughout the community within the limits of its legal
4 restrictions and prudent financial practices.

5 (Source: P.A. 83-541.)

6 (15 ILCS 520/16.3)

7 Sec. 16.3. Consideration of financial institution's
8 commitment to its community.

9 (a) In addition to any other requirements of this Act, the
10 State Treasurer is authorized to consider the financial
11 institution's record and current level of financial commitment
12 to its local community when deciding whether to deposit State
13 funds in that financial institution. The State Treasurer may
14 consider factors including, but not necessarily limited to:

15 (1) for financial institutions subject to the federal
16 Community Reinvestment Act of 1977, the current and
17 historical ratings that the financial institution has
18 received, to the extent that those ratings are publicly
19 available, under the federal Community Reinvestment Act of
20 1977;

21 (2) any changes in ownership, management, policies, or
22 practices of the financial institution that may affect the
23 level of the financial institution's commitment to its
24 community;

25 (3) the financial impact that the withdrawal or denial

1 of deposits of State funds might have on the financial
2 institution; and

3 (4) the financial impact to the State as a result of
4 withdrawing State funds or refusing to deposit additional
5 State funds in the financial institution.

6 (b) Nothing in this Section shall be construed as
7 authorizing the State Treasurer to conduct an examination or
8 investigation of a financial institution or to receive
9 information that is not publicly available and the disclosure
10 of which is otherwise prohibited by law or to require a
11 financial institution to provide a product or service in this
12 State that the financial institution does not otherwise provide
13 in this State.

14 (Source: P.A. 93-251, eff. 7-1-04.)

15 (15 ILCS 520/22.5) (from Ch. 130, par. 41a)

16 (For force and effect of certain provisions, see Section 90
17 of P.A. 94-79)

18 Sec. 22.5. Permitted investments. The State Treasurer may,
19 with the approval of the Governor, invest and reinvest any
20 State money in the treasury which is not needed for current
21 expenditures due or about to become due, in obligations of the
22 United States government or its agencies or of National
23 Mortgage Associations established by or under the National
24 Housing Act, 1201 U.S.C. 1701 et seq., or in mortgage
25 participation certificates representing undivided interests in

1 specified, first-lien conventional residential Illinois
2 mortgages that are underwritten, insured, guaranteed, or
3 purchased by the Federal Home Loan Mortgage Corporation or in
4 Affordable Housing Program Trust Fund Bonds or Notes as defined
5 in and issued pursuant to the Illinois Housing Development Act.
6 All such obligations shall be considered as cash and may be
7 delivered over as cash by a State Treasurer to his successor.

8 The State Treasurer may, with the approval of the Governor,
9 purchase any state bonds with any money in the State Treasury
10 that has been set aside and held for the payment of the
11 principal of and interest on the bonds. The bonds shall be
12 considered as cash and may be delivered over as cash by the
13 State Treasurer to his successor.

14 The State Treasurer may, with the approval of the Governor,
15 invest or reinvest any State money in the treasury that is not
16 needed for current expenditure due or about to become due, or
17 any money in the State Treasury that has been set aside and
18 held for the payment of the principal of and the interest on
19 any State bonds, in shares, withdrawable accounts, and
20 investment certificates of savings and building and loan
21 associations, incorporated under the laws of this State or any
22 other state or under the laws of the United States; provided,
23 however, that investments may be made only in those savings and
24 loan or building and loan associations the shares and
25 withdrawable accounts or other forms of investment securities
26 of which are insured by the Federal Deposit Insurance

1 Corporation.

2 The State Treasurer may not invest State money in any
3 savings and loan or building and loan association unless a
4 commitment by the savings and loan (or building and loan)
5 association, executed by the president or chief executive
6 officer of that association, is submitted in the following
7 form, provided that nothing in this form shall be construed as
8 requiring a financial institution to provide a product or
9 service in this State that the financial institution does not
10 otherwise provide in this State:

11 The Savings and Loan (or Building
12 and Loan) Association pledges not to reject arbitrarily
13 mortgage loans for residential properties within any
14 specific part of the community served by the savings and
15 loan (or building and loan) association because of the
16 location of the property. The savings and loan (or building
17 and loan) association also pledges to make loans available
18 on low and moderate income residential property throughout
19 the community within the limits of its legal restrictions
20 and prudent financial practices.

21 The State Treasurer may, with the approval of the Governor,
22 invest or reinvest, at a price not to exceed par, any State
23 money in the treasury that is not needed for current
24 expenditures due or about to become due, or any money in the
25 State Treasury that has been set aside and held for the payment
26 of the principal of and interest on any State bonds, in bonds

1 issued by counties or municipal corporations of the State of
2 Illinois.

3 The State Treasurer may, with the approval of the Governor,
4 invest or reinvest any State money in the Treasury which is not
5 needed for current expenditure, due or about to become due, or
6 any money in the State Treasury which has been set aside and
7 held for the payment of the principal of and the interest on
8 any State bonds, in participations in loans, the principal of
9 which participation is fully guaranteed by an agency or
10 instrumentality of the United States government; provided,
11 however, that such loan participations are represented by
12 certificates issued only by banks which are incorporated under
13 the laws of this State or any other state or under the laws of
14 the United States, and such banks, but not the loan
15 participation certificates, are insured by the Federal Deposit
16 Insurance Corporation.

17 The State Treasurer may, with the approval of the Governor,
18 invest or reinvest any State money in the Treasury that is not
19 needed for current expenditure, due or about to become due, or
20 any money in the State Treasury that has been set aside and
21 held for the payment of the principal of and the interest on
22 any State bonds, in any of the following:

23 (1) Bonds, notes, certificates of indebtedness,
24 Treasury bills, or other securities now or hereafter issued
25 that are guaranteed by the full faith and credit of the
26 United States of America as to principal and interest.

1 (2) Bonds, notes, debentures, or other similar
2 obligations of the United States of America, its agencies,
3 and instrumentalities.

4 (2.5) Bonds, notes, debentures, or other similar
5 obligations of a foreign government, other than the
6 Republic of the Sudan, that are guaranteed by the full
7 faith and credit of that government as to principal and
8 interest, but only if the foreign government has not
9 defaulted and has met its payment obligations in a timely
10 manner on all similar obligations for a period of at least
11 25 years immediately before the time of acquiring those
12 obligations.

13 (3) Interest-bearing savings accounts,
14 interest-bearing certificates of deposit, interest-bearing
15 time deposits, or any other investments constituting
16 direct obligations of any bank as defined by the Illinois
17 Banking Act.

18 (4) Interest-bearing accounts, certificates of
19 deposit, or any other investments constituting direct
20 obligations of any savings and loan associations
21 incorporated under the laws of this State or any other
22 state or under the laws of the United States.

23 (5) Dividend-bearing share accounts, share certificate
24 accounts, or class of share accounts of a credit union
25 chartered under the laws of this State or the laws of the
26 United States; provided, however, the principal office of

1 the credit union must be located within the State of
2 Illinois.

3 (6) Bankers' acceptances of banks whose senior
4 obligations are rated in the top 2 rating categories by 2
5 national rating agencies and maintain that rating during
6 the term of the investment.

7 (7) Short-term obligations of either corporations or
8 limited liability companies organized in the United States
9 with assets exceeding \$500,000,000 if (i) the obligations
10 are rated at the time of purchase at one of the 3 highest
11 classifications established by at least 2 standard rating
12 services and mature not later than 270 days from the date
13 of purchase, (ii) the purchases do not exceed 10% of the
14 corporation's or the limited liability company's
15 outstanding obligations, (iii) no more than one-third of
16 the public agency's funds are invested in short-term
17 obligations of either corporations or limited liability
18 companies, and (iv) the corporation or the limited
19 liability company has not been identified as a forbidden
20 entity, as that term is defined in Section 1-110.6 of the
21 Illinois Pension Code, by an independent researching firm
22 that specializes in global security risk that has been
23 engaged by the State Treasurer.

24 (8) Money market mutual funds registered under the
25 Investment Company Act of 1940, provided that the portfolio
26 of the money market mutual fund is limited to obligations

1 described in this Section and to agreements to repurchase
2 such obligations.

3 (9) The Public Treasurers' Investment Pool created
4 under Section 17 of the State Treasurer Act or in a fund
5 managed, operated, and administered by a bank.

6 (10) Repurchase agreements of government securities
7 having the meaning set out in the Government Securities Act
8 of 1986, as now or hereafter amended or succeeded, subject
9 to the provisions of that Act and the regulations issued
10 thereunder.

11 (11) Investments made in accordance with the
12 Technology Development Act.

13 For purposes of this Section, "agencies" of the United
14 States Government includes:

15 (i) the federal land banks, federal intermediate
16 credit banks, banks for cooperatives, federal farm credit
17 banks, or any other entity authorized to issue debt
18 obligations under the Farm Credit Act of 1971 (12 U.S.C.
19 2001 et seq.) and Acts amendatory thereto;

20 (ii) the federal home loan banks and the federal home
21 loan mortgage corporation;

22 (iii) the Commodity Credit Corporation; and

23 (iv) any other agency created by Act of Congress.

24 The Treasurer may, with the approval of the Governor, lend
25 any securities acquired under this Act. However, securities may
26 be lent under this Section only in accordance with Federal

1 Financial Institution Examination Council guidelines and only
2 if the securities are collateralized at a level sufficient to
3 assure the safety of the securities, taking into account market
4 value fluctuation. The securities may be collateralized by cash
5 or collateral acceptable under Sections 11 and 11.1.

6 (Source: P.A. 96-469, eff. 8-14-09; 96-795, eff. 7-1-10 (see
7 Section 5 of P.A. 96-793 for the effective date of changes made
8 by P.A. 96-795); 96-870, eff. 1-21-10; 97-277, eff. 8-8-11.)

9 Section 10. The Public Funds Investment Act is amended by
10 changing Section 8 as follows:

11 (30 ILCS 235/8)

12 Sec. 8. Consideration of financial institution's
13 commitment to its community.

14 (a) In addition to any other requirements of this Act, a
15 public agency is authorized to consider the financial
16 institution's record and current level of financial commitment
17 to its local community when deciding whether to deposit public
18 funds in that financial institution. The public agency may
19 consider factors including, but not necessarily limited to:

20 (1) for financial institutions subject to the federal
21 Community Reinvestment Act of 1977, the current and
22 historical ratings that the financial institution has
23 received, to the extent that those ratings are publicly
24 available, under the federal Community Reinvestment Act of

1 1977;

2 (2) any changes in ownership, management, policies, or
3 practices of the financial institution that may affect the
4 level of the financial institution's commitment to its
5 community;

6 (3) the financial impact that the withdrawal or denial
7 of deposits of public funds might have on the financial
8 institution;

9 (4) the financial impact to the public agency as a
10 result of withdrawing public funds or refusing to deposit
11 additional public funds in the financial institution; and

12 (5) any additional burden on the resources of the
13 public agency that might result from ceasing to maintain
14 deposits of public funds at the financial institution under
15 consideration.

16 (b) Nothing in this Section shall be construed as
17 authorizing the public agency to conduct an examination or
18 investigation of a financial institution or to receive
19 information that is not publicly available and the disclosure
20 of which is otherwise prohibited by law or to require a
21 financial institution to provide a product or service in this
22 State that the financial institution does not otherwise provide
23 in this State.

24 (Source: P.A. 93-251, eff. 7-1-04.)

25 Section 99. Effective date. This Act takes effect upon
26 becoming law.