

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas  
92nd General Assembly  
Regular Session, 2019

As Engrossed: S3/7/19  
**A Bill**

SENATE BILL 390

By: Senator K. Hammer

### **For An Act To Be Entitled**

AN ACT TO REGULATE THE DEPOSIT AND INVESTMENT OF CERTAIN FUNDS OF STATE AGENCIES AND INSTITUTIONS OF HIGHER EDUCATION; TO REQUIRE CERTAIN CASH FUNDS TO BE DEPOSITED INTO THE STATE TREASURY MONEY MANAGEMENT TRUST; TO REQUIRE MONEYS IN THE PUBLIC SCHOOL FUND TO BE DEPOSITED INTO THE STATE TREASURY MONEY MANAGEMENT TRUST; TO PROVIDE FOR THE DEPOSIT OF SURPLUS LOCAL SALES AND USE TAX FUNDS INTO THE STATE TREASURY MONEY MANAGEMENT TRUST; TO ALLOW OTHER FUNDS TO BE DEPOSITED INTO THE STATE TREASURY MONEY MANAGEMENT TRUST; TO AMEND THE LAW CONCERNING THE LONG TERM RESERVE FUND; TO ESTABLISH FEES FOR STATE AGENCY FUNDS DEPOSITED INTO THE STATE TREASURY MONEY MANAGEMENT TRUST; AND FOR OTHER PURPOSES.

### **Subtitle**

TO AUTHORIZE AND REQUIRE CERTAIN FUNDS TO BE DEPOSITED INTO THE STATE TREASURY MONEY MANAGEMENT TRUST; TO AMEND THE LONG TERM RESERVE FUND; AND TO ESTABLISH FEES FOR FUNDS DEPOSITED INTO THE STATE TREASURY MONEY MANAGEMENT TRUST.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

*SECTION 1. Arkansas Code § 19-3-603 is amended to read as follows:  
19-3-603. Authorized deposits.*



~~(a) Any entity listed below~~ The following may deposit money to be deposited into the State Treasury Money Management Trust for the purpose of investment:

(1) State agency's cash funds, as defined in § 19-4-801;

~~(2) Local governments:~~

~~(A) Any~~ The funds of a city, county, school district, or community college district of this state, and the funds of a

~~(B) Any~~ department, instrumentality, or agency of these entities a city, county, school district, or community college district of this state; and

(3) Except as otherwise prohibited by law, trust funds established by the General Assembly;

(4)(A) Distributions by the Department of Education from the Public School Fund to public school districts.

(B) Funds deposited into the State Treasury Money Management Trust under subdivision (a)(4)(A) of this section shall be:

(i) Transferred by electronic funds transfer;

(ii) Segregated for each individual public school district; and

(iii) For the benefit of each individual public school district; and

~~(3)(5) The Treasurer of State may invest in the State Treasury Money Management Trust to the extent State Treasury funds that are not being utilized for certificates of deposit under the State Treasury Certificate of Deposit Investment Program or for trust certificates of deposit pursuant to under the State Treasury Management Law, § 19-3-501 et seq.~~

(b)(1) The following shall submit a quarterly report to the Legislative Council or, if the General Assembly is in session, to the Joint Budget Committee, for any funds that are authorized to be deposited into the State Treasury Money Management Trust under this section but that are not invested in the State Treasury Money Management Trust:

(A)(i) Except as provided in subdivision (b)(1)(A)(ii) of this section, a state agency with a cash fund, as defined in § 19-4-801.

(ii) A retirement system established under Title 24 of this Code and a state-supported institution of higher education are exempt from the requirements of this subsection; and

(B)(i) Beginning January 1, 2020, the Department of Education.

(ii) The Department of Education may use information provided by the Arkansas Public School Computer Network or its successor to assist in the creation of the report required under this subsection.

(2) The report required under this subsection shall identify the:

(A) Financial institutions where the funds are maintained;

(B) Balance of the funds at each financial institution at the end of the quarter;

(C) Quarterly rate of return on the investment of the funds; and

(D) Quarterly interest earned on the funds.

(3) Any public entity not identified in subdivision (b)(1) of this section, including without limitation a county and a municipality, is not required to submit a report under this subsection.

SECTION 2. Arkansas Code § 19-3-604(c)-(f), concerning the State Treasury Money Management Trust, are amended to read as follows:

(c)(1) Moneys deposited into the State Treasury Money Management Trust by participants other than the State Treasury are not and shall not become part of State Treasury funds.

(2) The State Treasury Money Management Trust shall operate as a segregated account for custodial, depository, and accounting purposes.

(3)(A) ~~A~~ Except as required under § 19-3-603(b), a participant may deposit at will into and, up to the balance of the participant's account, obtain moneys upon demand from the State Treasury Money Management Trust.

(B) A demand for funds by a participant under this subdivision (c)(3) shall be made by notice as prescribed by the State Board of Finance.

(d) Each participant ~~who elects to deposit money~~ that deposits moneys into the State Treasury Money Management Trust shall provide the account information required by the State Board of Finance, including without limitation the identity of any person authorized to conduct transactions on behalf of the participant.

(e) ~~Any~~ A loss of principal or interest realized as the result of a

participant's demand for withdrawal of funds shall be incurred by the participant requesting the withdrawal and deducted on the day the withdrawal is made.

(f)(1) The Treasurer of State may+

~~(A) Assess~~ assess reasonable charges against the account of a participant in the State Treasury Money Management Trust for reimbursement of administration and operational expenses; ~~and~~

~~(B) Charge a reasonable fee for managing the State Treasury Money Management Trust.~~

(2)(A) The State Board of Finance shall set any charge or fee imposed under this subsection.

(B) The charges and fees set by the State Board of Finance under subdivision (f)(2)(A) of this section shall be deposited into the Long Term Reserve Fund.

~~(3) Charges and fees received under this subsection shall be deposited into the State Treasury in a fund for the benefit of the Treasurer of State.~~

SECTION 3. Arkansas Code § 19-5-905(a)(7), concerning the use of the Securities Reserve Fund, is amended to read as follows:

(7) To distribute:

(A) Interest income earned on investment of balances of the following:

(i) The State Highway and Transportation Department Fund, as authorized by § 27-70-204;

(ii) The Game Protection Fund, as authorized by § 15-41-110;

(iii) The funds deposited into the State Treasury by state agencies, boards, and commissions that were previously held as cash funds in a bank depository or investment depository, as authorized by § 19-3-518(d); ~~and~~

(iv) State and Local Fiscal Assistance Act of 1972, 31 U.S.C. § 6701 et seq., as authorized by § 19-3-521(c); and

(v) The Long Term Reserve Fund, as authorized under § 19-6-486(h); and

(B) Interest income earned from investment of State

Treasury balances by any other laws enacted by the General Assembly;

SECTION 4. Arkansas Code § 19-6-486(b), concerning the Long Term Reserve Fund, is amended to read as follows:

(b) The Long Term Reserve Fund shall consist of ~~such~~:

(1) Funds received from the charges and fees collected under § 19-3-604(f)(2)(B); and

(2) Any other funds as may be provided by the General Assembly.

SECTION 5. Arkansas Code § 19-6-486, concerning the Long Term Reserve Fund, is amended to add an additional subsection to read as follows:

(h)(1) Interest earned on the Long Term Reserve Fund is special revenue.

(2) On the second business day that the State Treasury is open following the twenty-fifth day of the month, the Treasurer of State shall:

(A) Compute the balance of the Long Term Reserve Fund for the immediately preceding month;

(B) Compute the interest on the balance of the Long Term Reserve Fund under § 19-3-518(d)(4); and

(C) After making the deductions stated in § 19-5-203(b)(2)(A) from the special revenues, transfer the remaining interest on the Long Term Reserve Fund to the Long Term Reserve Fund.

SECTION 6. Arkansas Code § 26-74-221(b)(2), concerning the administration of the Local Sales and Use Tax Trust Fund with respect to county sales and use taxes for capital improvements, is amended to read as follows:

(2)(A) After making the estimate, the administrator shall invest the estimated surplus amount in ~~certificates of deposit issued by any financial institution located in the State of Arkansas~~ the State Treasury Money Management Trust, as authorized in the State Treasury Money Management Trust Act, § 19-3-601 et seq.

(B) All interest income derived from the ~~certificates of deposit~~ investment of funds under subdivision (b)(2)(A) of this section shall be credited as trust fund income to the Local Sales and Use Tax Trust Fund.

SECTION 7. Arkansas Code § 26-74-317(b)(2), concerning the administration of the Local Sales and Use Tax Trust Fund with respect to county sales and use taxes for capital improvements, is amended to read as follows:

(2)(A) After making the estimate, the administrator shall invest the estimated surplus amount in ~~certificates of deposit issued by any financial institution located in the State of Arkansas~~ the State Treasury Money Management Trust, as authorized in the State Treasury Money Management Trust Act, § 19-3-601 et seq.

(B) All interest income derived from the ~~certificates of deposit investment of funds under subdivision (b)(2)(A) of this section~~ shall be credited as trust fund income to the Local Sales and Use Tax Trust Fund.

SECTION 8. Arkansas Code § 26-74-413(b)(2), concerning the administration of the Local Sales and Use Tax Trust Fund with respect to county sales and use taxes in counties without an existing tax, is amended to read as follows:

(2)(A) After making the estimate, the administrator shall invest the estimated surplus amount in ~~certificates of deposit issued by any financial institution located in the State of Arkansas~~ the State Treasury Money Management Trust, as authorized in the State Treasury Money Management Trust Act, § 19-3-601 et seq.

(B) All interest income derived from the ~~certificates of deposit investment of funds under subdivision (b)(2)(A) of this section~~ shall be credited as trust fund income to the Local Sales and Use Tax Trust Fund.

SECTION 9. Arkansas Code § 26-74-613(b)(2), concerning the administration of the Local Sales and Use Tax Trust Fund with respect to county sales and use taxes for capital improvements of a community college, is amended to read as follows:

(2)(A) After making the estimate, the Treasurer of State shall invest the estimated surplus amount in ~~certificates of deposit issued by any financial institution located in the State of Arkansas~~ the State Treasury Money Management Trust, as authorized in the State Treasury Money Management Trust Act, § 19-3-601 et seq.

(B) All interest income derived from the ~~certificates of~~

~~deposit investment of funds under subdivision (b)(2)(A) of this section~~ shall be credited as trust fund income to the Local Sales and Use Tax Trust Fund.

SECTION 10. Arkansas Code § 26-75-223(b)(2), concerning the administration of the Local Sales and Use Tax Trust Fund with respect to municipal sales and use taxes for capital improvements, is amended to read as follows:

(2)(A) After making the estimate, the administrator shall invest the estimated surplus amount in ~~certificates of deposit issued by any financial institution located in the State of Arkansas~~ the State Treasury Money Management Trust, as authorized in the State Treasury Money Management Trust Act, § 19-3-601 et seq.

(B) All interest income derived from the ~~certificates of deposit investment of funds under subdivision (b)(2)(A) of this section~~ shall be credited as trust fund income to the Local Sales and Use Tax Trust Fund.

SECTION 11. Arkansas Code § 26-75-318(b)(2), concerning the administration of the Local Sales and Use Tax Trust Fund with respect to municipal sales and use taxes for capital improvements, is amended to read as follows:

(2)(A) After making the estimate, the administrator shall invest the estimated surplus amount in ~~certificates of deposit issued by any financial institution located in the State of Arkansas~~ the State Treasury Money Management Trust, as authorized in the State Treasury Money Management Trust Act, § 19-3-601 et seq.

(B) All interest income derived from the ~~certificates of deposit investment of funds under subdivision (b)(2)(A) of this section~~ shall be credited as trust fund income to the Local Sales and Use Tax Trust Fund.

SECTION 12. Arkansas Code § 26-82-113(b)(2), concerning the administration of the Local Sales and Use Tax Trust Fund under the Local Sales and Use Tax Economic Development Project Funding Act, is amended to read as follows:

(2)(A) After making an estimate under subdivision (b)(1) of this section, the Treasurer of State shall invest the estimated surplus amount in ~~certificates of deposit issued by any financial institution located in the~~

state the State Treasury Money Management Trust, as authorized in the State Treasury Money Management Trust Act, § 19-3-601 et seq.

(B) All interest income derived from the ~~certificates of~~  
~~deposit~~ investment of funds under subdivision (b)(2)(A) of this section shall be credited as trust fund income to the Local Sales and Use Tax Trust Fund.

*/s/K. Hammer*