Enrolled
Senate Bill 331

Corrected Sponsor

Sponsored by Senator METSGER, Representative GARRARD; Senator FERRIOLI, Representatives BUTLER, HUNT, JOHNSON, MARCH

CHAPTER .....

AN ACT

Relating to the deposit of public funds; amending ORS 182.470, 284.365, 285A.276, 294.035, 295.005, 295.025, 377.840, 421.442, 674.364 and 723.152.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 294.035 is amended to read:

294.035. Subject to ORS 294.040 and 294.135 to 294.155, the custodial officer may, after having obtained a written order from the governing body of the county, municipality, political subdivision or school district, which order shall be spread upon the minutes or journal of the governing body, invest any sinking fund, bond fund or surplus funds in the custody of the custodial officer in the bank accounts, classes of securities at current market prices, insurance contracts and other investments listed in this section. However, the custodial officer of any county shall make no such investment of funds belonging to any municipality, political subdivision or school district, unless and until the custodial officer has received a written order from the governing body of the municipality, political subdivision or school district to which the funds belong, which order authorizes the custodial officer to invest the funds, and which order has been spread upon the minutes or journal of the governing body. This section, however, shall not limit the authority of the custodial officer to invest surplus funds in other investments when the investment is specifically authorized by another statute. Investments authorized by this section are:

(1) Lawfully issued general obligations of the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government.

(2) Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions that have a long-term rating of A or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization.

(3) Lawfully issued debt obligations of the States of California, Idaho and Washington and political subdivisions of those states if the obligations have a long-term rating of AA or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization.

(4) Time deposit open accounts, certificates of deposit and savings accounts in insured institutions as defined in ORS 706.008**, in credit unions as defined in ORS 723.006 or in federal credit unions, if the institution or credit union maintains** [*that maintain*] a head office or a branch in this state.

(5) Share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

(6) Fixed or variable life insurance or annuity contracts as defined by ORS 731.170 and guaranteed investment contracts issued by life insurance companies authorized to do business in this state.

(7) Trusts in which deferred compensation funds from other public employers are pooled, if:

(a) The purpose is to establish a deferred compensation plan;

(b) The trust is a public instrumentality of such public employers and described in section (2)(b) of the Investment Company Act of 1940, 15 U.S.C. 80a-2(b), as amended, in effect on September 20, 1985, or the trust is a common trust fund described in ORS 709.170;

(c) Under the terms of the plan the net income from or gain or loss due to fluctuation in value of the underlying assets of the trust, or other change in such assets, is reflected in an equal increase or decrease in the amount distributable to the employee or the beneficiary thereof and, therefore, does not ultimately result in a net increase or decrease in the worth of the public employer or the state; and

(d) The fidelity of the trustees and others with access to such assets, other than a trust company, as defined in ORS 706.008, is insured by a surety bond that is satisfactory to the public employer, issued by a company authorized to do a surety business in this state and in an amount that is not less than 10 percent of the value of such assets.

(8)(a) Banker′s acceptances, if the banker′s acceptances are:

(A) Guaranteed by, and carried on the books of, a qualified financial institution;

(B) Eligible for discount by the Federal Reserve System; and

(C) Issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.

(b) For the purposes of this subsection, “qualified financial institution” means:

(A) A financial institution that is located and licensed to do banking business in the State of Oregon; or

(B) A financial institution that is wholly owned by a financial holding company or a bank holding company that owns a financial institution that is located and licensed to do banking business in the State of Oregon.

(c) A custodial officer shall not permit more than 25 percent of the moneys of a local government that are available for investment, as determined on the settlement date, to be invested in banker′s acceptances of any qualified financial institution.

(9)(a) Corporate indebtedness subject to a valid registration statement on file with the Securities and Exchange Commission or issued under the authority of section 3(a)(2) or 3(a)(3) of the Securities Act of 1933, as amended. Corporate indebtedness described in this subsection does not include banker′s acceptances. The corporate indebtedness must be issued by a commercial, industrial or utility business enterprise, or by or on behalf of a financial institution, including a holding company owning a majority interest in a qualified financial institution.

(b) Corporate indebtedness must be rated on the settlement date P-1 or Aa or better by Moody′s Investors Service or A-1 or AA or better by Standard & Poor′s Corporation or equivalent rating by any nationally recognized statistical rating organization.

(c) Notwithstanding paragraph (b) of this subsection, the corporate indebtedness must be rated on the settlement date P-2 or A or better by Moody′s Investors Service or A-2 or A or better by Standard & Poor′s Corporation or equivalent rating by any nationally recognized statistical rating organization when the corporate indebtedness is:

(A) Issued by a business enterprise that has its headquarters in Oregon, employs more than 50 percent of its permanent workforce in Oregon or has more than 50 percent of its tangible assets in Oregon; or

(B) Issued by a holding company owning not less than a majority interest in a qualified financial institution, as defined in subsection (8) of this section, located and licensed to do banking business

in Oregon or by a holding company owning not less than a majority interest in a business enterprise described in subparagraph (A) of this paragraph.

(d) A custodial officer shall not permit more than 35 percent of the moneys of a local government that are available for investment, as determined on the settlement date, to be invested in corporate indebtedness, and shall not permit more than five percent of the moneys of a local government that are available for investment to be invested in corporate indebtedness of any single corporate entity and its affiliates or subsidiaries.

(10) Securities of any open-end or closed-end management investment company or investment trust, if the securities are of the types specified in subsections (1) to (3), (8) and (9) of this section and if the investment does not cause the county, municipality, political subdivision or school district to become a stockholder in a joint company, corporation or association. A trust company or trust department of a national bank while acting as indenture trustee may invest funds held by it as indenture trustee in any open-end or closed-end management investment company or investment trust for which the trust company or trust department of a national bank or an affiliate of the trust company or trust department of a national bank acts as investment adviser or custodian or provides other services. However, the securities of the investment company or investment trust in which such funds are invested must be of the types specified in subsections (1) to (3), (8) and (9) of this section and the investment must not cause the county, municipality, political subdivision or school district whose funds are invested to become a stockholder in a joint company, corporation or association. For purposes of this subsection, companies are affiliated if they are members of the same affiliated group under section 1504 of the Internal Revenue Code of 1986 (26 U.S.C. 1504).

(11) Repurchase agreements whereby the custodial officer purchases securities from a financial institution or securities dealer subject to an agreement by the seller to repurchase the securities. The repurchase agreement must be in writing and executed in advance of the initial purchase of the securities that are the subject of the repurchase agreement. Only securities described in subsection (1) of this section shall be used in conjunction with a repurchase agreement and such securities shall have a maturity of not longer than three years. The price paid by the custodial officer for such securities may not exceed amounts or percentages prescribed by written policy of the Oregon Investment Council or the Oregon Short Term Fund Board created by ORS 294.885.

SECTION 2. ORS 295.005 is amended to read:

295.005. As used in ORS 295.005 to 295.165, unless the context requires otherwise:

(1) “Certificate of participation” or “certificate” means a nonnegotiable document issued by a pool manager to a public official.

(2) “Custodian bank” or “custodian” means the following institutions designated by the depository bank for its own account:

(a) The Federal Reserve Bank designated to serve this state, or any branch of that bank;

(b) The Federal Home Loan Bank designated to serve this state, or any branch of that bank;

(c) Any insured institution or trust company, as those terms are defined in ORS 706.008, that is authorized to accept deposits or transact trust business in this state, provided, however, that no insured institution or trust company may be a custodian bank unless it certifies in writing to the State Treasurer that it will furnish the reports required under ORS 714.075 to the Director of the Department of Consumer and Business Services. With the approval of the State Treasurer, a depository bank may be a custodian bank with respect to its own securities; and

(d) The fiscal agency of the State of Oregon, duly appointed and acting as such agency pursuant to ORS 288.010 to 288.110.

(3) “Custodian’s receipt” or “receipt” means a document issued by a custodian bank to a pool manager describing the securities deposited with it by a depository bank to secure public fund deposits.

(4) “Depository bank” or “depository” means any insured institution or trust company, as those terms are defined in ORS 706.008, **a credit union, as defined in ORS 723.006, the shares and deposits of which are insured by the National Credit Union Share Insurance Fund, or a federal credit union,** [*that*] **if the institution, trust company or credit union** maintains a head office

or a branch in this state in the capacity of an insured institution**,** [*or*] trust company**, credit union or federal credit union**. However, an insured institution**,** [*or*] trust company**, credit union or federal credit union** is not a depository bank unless it has:

(a) Certified in writing to the State Treasurer that it will furnish the reports required under ORS 714.075 to the Director of the Department of Consumer and Business Services; and

(b) Entered into a written agreement with the State Treasurer and a custodian that pledges the securities deposited by the insured institution**,** [*or*] trust company**, credit union or federal credit union** with the custodian as collateral for deposits of public funds held by the insured institution**,** [*or*] trust company**, credit union or federal credit union**. The agreement shall be approved by the board of directors or loan committee of the insured institution**,** [*or*] trust company**, credit union or federal credit union** and shall be continuously maintained as a written record of the institution**,** [*or*] company**, credit union or federal credit union**.

(5) "Pool manager" means:

(a) The State Treasurer;

(b) Any insured institution or trust company, as those terms are defined in ORS 706.008, **a credit union, as defined in ORS 723.006, the shares and deposits of which are insured by the National Credit Union Share Insurance Fund, or a federal credit union,** [*that*] **if the institution, trust company or credit union** is authorized to accept deposits or transact trust business in this state.**[***; but*] A depository bank [*shall*] **may** not be a pool manager with respect to securities that it deposits with its custodians as collateral for the security of public fund deposits and [*no*] **an** insured institution**,** [*or*] trust company**, credit union or federal credit union** may **not** be a pool manager unless it certifies in writing to the State Treasurer that it will furnish the reports required under ORS 714.075 to the Director of the Department of Consumer and Business Services;

(c) The Federal Reserve Bank designated to serve this state, or any branch of that bank; or

(d) The Federal Home Loan Bank designated to serve this state, or any branch of that bank.

(6) "Public funds" or "funds" means the funds under the control or in the custody of a public official by virtue of office, other than those that, under law other than ORS 295.005 to 295.165, are:

(a) Deposited for the purpose of meeting the payment of principal or interest on bonds or like obligations; or

(b) Invested in authorized investments. Funds invested under ORS 293.701 to 293.820 are invested in authorized investments for purposes of this paragraph when the funds are transferred by the State Treasurer to a third party under the terms of a contract for investment of funds that requires such a transfer.

(7) "Security" or "securities" means:

(a) Obligations of the United States, including those of its agencies and instrumentalities;

(b) Obligations of the International Bank for Reconstruction and Development;

(c) Bonds of any state of the United States (A) that are rated in one of the four highest grades by a recognized investment service organization that has been engaged regularly and continuously for a period of not less than 10 years in rating state and municipal bonds or, (B) having once been so rated are ruled to be eligible securities for the purposes of ORS 295.005 to 295.165, notwithstanding the loss of such rating;

(d) Bonds of any county, city, school district, port district or other public body in the United States payable from ad valorem taxes levied generally on substantially all property within the issuing body and that meet the rating requirement or are ruled to be eligible securities as provided in paragraph (c) of this subsection;

(e) Bonds of any county, city, school district, port district or other public body issued pursuant to the Constitution or statutes of the State of Oregon or the charter or ordinances of any county or city within the State of Oregon, if the issuing body has not been in default with respect to the payment of principal or interest on any of its bonds within the preceding 10 years or during the period of its existence if that is less than 10 years;

(f) Bond anticipation notes issued, sold or assumed by an authority under ORS 441.560;

(g) One-family to four-family housing mortgage loan notes related to property situated in the State of Oregon, which are owned by a depository bank, no payment on which is more than 90 days past due, and which are eligible collateral for loans from the Federal Reserve Bank of San Francisco under section 10(b) of the Federal Reserve Act and regulations thereunder;

(h) Bonds, notes, letters of credit or other securities or evidence of indebtedness constituting the direct and general obligation of a federal home loan bank or Federal Reserve bank;

(i) Debt obligations of domestic corporations that are rated in one of the three highest grades by a recognized investment service organization that has been engaged regularly and continuously for a period of not less than 10 years in rating corporate debt obligations;

(j) Collateralized mortgage obligations and real estate mortgage investment conduits that are rated in one of the two highest grades by a recognized investment service organization that has been engaged regularly and continuously for a period of not less than 10 years in rating corporate debt obligations; and

(k) One-family to four-family housing mortgages that have been secured by means of a guarantee as to full repayment of principal and interest by an agency of the United States Government, including the Government National Mortgage Association, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(8) "Public official" means each officer or employee of this state or any agency, political subdivision or public or municipal corporation thereof who by law is made the custodian of or has control of any public funds.

(9) "Value" means the current market value of securities.

SECTION 3. ORS 182.470 is amended to read:

182.470. (1) Notwithstanding ORS 670.335, except where otherwise specifically provided by statute pursuant to ORS 182.462 (5), all moneys collected or received by a board, placed to the credit of that board and remaining unexpended and unobligated on the date that the board is established as a semi-independent state agency, and all moneys collected or received by a board after the date that the board is established as a semi-independent state agency, must be deposited into an account established by that board in a depository bank insured by the Federal Deposit Insurance Corporation **or the National Credit Union Share Insurance Fund**. In a manner consistent with the requirements of ORS chapter 295, the chairperson, president or administrator of a board shall ensure that sufficient collateral secures any amount of funds on deposit that exceeds the limits of the **coverage of the** Federal Deposit Insurance [*Corporation's coverage*] **Corporation or the National Credit Union Share Insurance Fund**. All moneys in the account are continuously appropriated to the board making the deposit for the purpose of carrying out the functions of the board.

(2) Subject to the approval of the chairperson, president or administrator, a board may invest moneys collected or received by the board. Investments made by a board are:

(a) Limited to investments described in ORS 294.035;

(b) Subject to the investment maturity date limitations described in ORS 294.135; and

(c) Subject to the conduct prohibitions listed in ORS 294.145.

(3) Interest earned from any accounts invested under subsection (2) of this section shall be made available to a board in a manner consistent with the board's annual budget.

(4) Subject to the approval of the chairperson, president or administrator, all necessary board expenses shall be paid from the moneys collected or earned by a board.

(5) As used in this section, "depository bank" has the meaning given that term in ORS 295.005.

SECTION 4. ORS 284.365 is amended to read:

284.365. (1) All moneys collected, received or appropriated to the Oregon Film and Video Office shall be deposited in an account established in a depository bank insured by the Federal Deposit Insurance Corporation **or the National Credit Union Share Insurance Fund**. In a manner consistent with the requirements of ORS chapter 295, the chairperson of the Film and Video Board shall insure that sufficient collateral secures any amount of funds on deposit that exceeds the limits of the coverage of the Federal Deposit Insurance Corporation **or the National Credit Union Share Insurance Fund**. Subject to approval by the chairperson, the board may invest moneys collected

or received by the office. Investments made by the board are limited to the types of investments listed in ORS 294.035 (1) to (9). Interest earned from any amounts invested shall be made available to the office in a manner consistent with the biennial budget approved by the board.

(2) Subject to the approval of the director of the office, all necessary expenses of the office and the board shall be paid from the moneys collected, appropriated or earned by the office.

(3) The office shall adopt a budget on a biennial basis using the classifications of expenditures and revenues required by ORS 291.206 (1). The budget shall not be subject to review and approval by the Legislative Assembly or to modification by the Emergency Board or the Legislative Assembly. However, the budget shall be included in the biennial report required by ORS 284.335 (5).

(4) The board shall adopt a budget only after holding a public hearing on the proposed budget. At least 15 days prior to any public hearing on the proposed budget, the board shall give notice of the hearing to all persons known to be interested in the proceedings of the board and to any person who requests notice.

(5) All expenditures from the account established for the office under subsection (1) of this section are exempt from any state expenditure limitation. The office shall follow generally accepted accounting principles and keep such financial and statistical information that is necessary to completely and accurately disclose the financial condition and financial operations of the office as may be required by the Secretary of State.

(6) As used in this section, "depository bank" has the meaning given that term in ORS 295.005.

SECTION 5. ORS 285A.276 is amended to read:

285A.276. (1) The Public-Private Partnership is hereby established as a program of the Oregon Tourism Commission.

(2) The tourism commission shall adopt a biennial budget for the Public-Private Partnership using the classifications of expenditures and revenues required by ORS 291.206 (1).

(3) The tourism commission shall adopt the budget for the Public-Private Partnership only after holding a public hearing on the proposed budget. At least 15 days prior to any public hearing on the proposed budget, the tourism commission shall give notice of the hearing to all persons known to be interested in the proceedings of the tourism commission and to any person who requests notice.

(4) All moneys collected, received or appropriated for the purposes of the Public-Private Partnership shall be deposited in an account established in a depository bank insured by the Federal Deposit Insurance Corporation **or the National Credit Union Share Insurance Fund**. In a manner consistent with the requirements of ORS chapter 295, the chair of the tourism commission shall ensure that sufficient collateral secures any amount of funds on deposit that exceeds the limits of the coverage of the Federal Deposit Insurance Corporation **or the National Credit Union Share Insurance Fund**. Subject to approval by the tourism commission, the commission may invest moneys collected or received for the Public-Private Partnership. Investments made by the tourism commission are limited to the types of investments listed in ORS 294.035 (1) to (9). Interest earned from any amounts invested shall be made available to the tourism commission in a manner consistent with the biennial budget for the Public-Private Partnership.

(5) Moneys in the account established under subsection (4) of this section for the Public-Private Partnership shall consist of:

(a) Gifts, grants and other contributions from private and nonprofit entities;

(b) Grants, loans and other revenue transfers from public entities, including the State of Oregon;

(c) Interest earned on moneys in the account; and

(d) Revenues generated by the tourism commission or by Oregon Tourism Program activities.

(6) Notwithstanding ORS chapter 279, all expenditures from the account established under subsection (4) of this section shall be in conformance with the duties of the tourism commission set forth in ORS 285A.264. All expenditures from the account are exempt from any state expenditure limitation. The Public-Private Partnership is exempt from ORS 291.050 to 291.060. The tourism commission shall follow generally accepted accounting principles and keep such financial and statistical information that is necessary to completely and accurately disclose the financial condition of the account as may be required by the Secretary of State.

SECTION 6. ORS 295.025 is amended to read:

295.025. (1) Any public official may retain undeposited such reasonable cash working fund as is fixed by the governing body of the political subdivision or public corporation for which the public official acts. Except to the extent of such cash working fund, each public official shall deposit public funds in the custody or control of the public official in one or more depositories currently qualified pursuant to ORS 295.005 to 295.165. **The public official may not have on deposit in any one depository bank that is a credit union or federal credit union an aggregate sum in excess of $100,000. With respect to other depository banks,** the public official, without procuring certificates of participation issued by the pool manager of the depository in an amount equal to the excess deposit, shall not have on deposit in any one depository bank and its branches a sum in excess of:

(a) The amount insured by the Federal Deposit Insurance Corporation; or

(b) For any amount over the amount insured by the Federal Deposit Insurance Corporation, the amount insured or guaranteed by private deposit insurance or a deposit guaranty bond issued by an insurance company rated A- or better by a recognized insurance rating service.

(2) Whenever a public official holds a certificate of participation issued by a pool manager in an amount exceeding the amount required by subsection (1) of this section, upon the written request of the depository bank the public official shall surrender it to the pool manager or direct the pool manager in writing to cancel it in whole or in a designated part.

(3) Compliance with ORS 295.005 to 295.165 relieves the public official of personal liability on account of the loss of the public funds in the custody or control of the public official.

SECTION 7. ORS 377.840 is amended to read:

377.840. (1) All moneys collected or received by the Travel Information Council shall be deposited into a Travel Information Council account established in a depository bank insured by the Federal Deposit Insurance Corporation **or the National Credit Union Share Insurance Fund**. In a manner consistent with the requirements of ORS chapter 295, the chairperson of the council shall insure that sufficient collateral secures any amount of funds on deposit that exceeds the limits of the **coverage of the** Federal Deposit Insurance [*Corporation's coverage*] **Corporation or the National Credit Union Share Insurance Fund**. Subject to the chairperson's approval, the council may invest moneys collected or received by the council. Investments made by the council are limited to the types of investments listed in ORS 294.035. Interest earned from any amounts invested shall be made available to the council in a manner consistent with the council's approved biennial budget.

(2) Subject to the approval of the chairperson or director of the Travel Information Council, all necessary council expenses shall be paid from the moneys collected or earned by the council.

(3)(a) The Travel Information Council shall adopt a budget on a biennial basis using the classifications of expenditures and revenues required by ORS 291.206 (1). However, the budget shall not be subject to review and approval by the Legislative Assembly or to future modification by the Emergency Board or Legislative Assembly.

(b) The council shall adopt a budget only after a public hearing thereon. At least 15 days prior to any public hearing on the budget, the council shall give notice of the hearing to all persons known to be interested in the proceedings of the council and to any person who requests notice.

(4) All expenditures from the Travel Information Council account are exempt from any state expenditure limitation. The Travel Information Council shall follow generally accepted accounting principles and keep such other financial and statistical information as may be necessary to completely and accurately disclose the financial condition and financial operations of the council as may be required by the Secretary of State.

(5) As used in this section, "depository bank" has the meaning given in ORS 295.005.

SECTION 8. ORS 421.442 is amended to read:

421.442. (1) The Department of Corrections may create accounts and subaccounts as reasonably required to discharge the functions and duties prescribed by section 41, Article I of the Oregon Constitution, including accounts and subaccounts for the deposit of income generated from prison work programs. Accounts and subaccounts created under this subsection shall be maintained sepa-

rate and distinct from the General Fund. Moneys credited to the accounts and subaccounts are continuously appropriated to the department for the purpose of implementing, maintaining and developing prison work programs. Moneys in the department accounts or subaccounts may be transferred to the inmate injury component of the Insurance Fund for the payment of expenses therefrom authorized by law. Moneys in the accounts or subaccounts may be invested as provided in ORS 293.701 to 293.790 and as authorized by ORS 421.305. Earnings on the investment of moneys in the accounts or subaccounts shall be credited to the respective account or subaccount.

(2) Oregon Corrections Enterprises may create accounts and subaccounts as reasonably required to discharge the functions and duties prescribed by section 41, Article I of the Oregon Constitution, and ORS 192.502, 421.305, 421.312, 421.344 to 421.367, 421.412, 421.444 and 421.445 and this section, including accounts and subaccounts for the deposit of income generated from prison work programs. All moneys collected or received by Oregon Corrections Enterprises shall be deposited into an account or subaccounts established by Oregon Corrections Enterprises in a depository bank insured by the Federal Deposit Insurance Corporation **or the National Credit Union Share Insurance Fund**. The administrator shall ensure that sufficient collateral secures any amount of funds on deposit that exceeds the limits of the **coverage of the** Federal Deposit Insurance [*Corporation's coverage*] **Corporation or the National Credit Union Share Insurance Fund**. All moneys in the account or subaccounts are continuously appropriated to Oregon Corrections Enterprises for the purpose of implementing, maintaining and developing prison work programs. Moneys in the accounts or subaccounts may be invested as provided in ORS 293.701 to 293.790 and as authorized by ORS 421.305. Earnings on the investment of moneys in the accounts or subaccounts shall be credited to the respective account or subaccount.

(3) Moneys credited to or received by inmate work programs conducted by the department may not be commingled with moneys credited to or received by inmate work programs conducted by Oregon Corrections Enterprises.

(4) Moneys in the accounts or subaccounts are available for implementing, maintaining and developing prison work and on-the-job training programs, including, but not limited to:

(a) The purchase of all necessary machinery and equipment for establishing, equipping and enlarging prison industries;

(b) The purchase of raw materials, the payment of salaries and wages and all other expenses necessary and proper in the judgment of the Director of the Department of Corrections or the administrator of Oregon Corrections Enterprises in the conduct and operation of prison industries; and

(c) Department transfers to the inmate injury component of the Insurance Fund from the payment of expenses authorized by law.

(5) No part of the accounts or subaccounts may be expended for maintenance, repairs, construction or reconstruction, or general or special expenses of a Department of Corrections institution, other than for prison work and on-the-job training programs.

(6) The transfers referred to in subsections (1) and (4)(c) of this section may be authorized by the Legislative Assembly, or the Emergency Board if the Legislative Assembly is not in session, whenever it appears to the Legislative Assembly or the board, as the case may be, that there are insufficient moneys in the inmate injury component of the Insurance Fund for the payment of expenses authorized by law.

SECTION 9. ORS 674.364 is amended to read:

674.364. (1) Except where otherwise specifically provided by ORS 674.850 and 674.990, all moneys collected or received by the Appraiser Certification and Licensure Board, placed to the credit of the board and remaining unexpended and unobligated on August 21, 2001, and all moneys collected or received by the board after August 21, 2001, shall be deposited into an account established by the board in a depository bank insured by the Federal Deposit Insurance Corporation **or the National Credit Union Share Insurance Fund**. In a manner consistent with the requirements of ORS chapter 295, the chairperson of the board shall ensure that sufficient collateral secures any amount of funds on deposit that exceeds the limits of the **coverage of the** Federal Deposit Insurance [*Corporation's coverage*] **Corporation or the National Credit Union Share Insurance Fund**. All moneys

in the account are continuously appropriated to the board for the purpose of carrying out the functions of the board.

(2) Subject to the approval of the chairperson, the board may invest moneys collected or received by the board. Investments made by the board are:

(a) Limited to investments described in ORS 294.035;

(b) Subject to the investment maturity date limitations described in ORS 294.135; and

(c) Subject to the conduct prohibitions listed in ORS 294.145.

(3) Interest earned from any moneys invested under subsection (2) of this section shall be made available to the board in a manner consistent with the board's annual budget.

(4) Subject to the approval of the chairperson, all necessary board expenses shall be paid from the moneys collected or earned by the board.

(5) As used in this section, "depository bank" has the meaning given that term in ORS 295.005.

SECTION 10. ORS 723.152 is amended to read:

723.152. In addition to the powers conferred by the general corporation law a credit union may, subject to the restrictions and limitations contained in this chapter and its bylaws:

(1) Make contracts.

(2) Sue and be sued.

(3) Adopt and use a common seal and alter same.

(4) Acquire, lease, hold and dispose of property, either in whole or in part, necessary or incidental to its operations.

(5) At the discretion of the board of directors, require the payment of an entrance fee or annual membership fee, or both, of any person admitted to membership.

(6) Receive savings from its members in the form of various classes of shares, deposits or deposit certificates, deposit accounts or special-purpose thrift accounts.

(7) Receive from its members or from another credit union deposits or deposit certificates, deposit accounts or various classes of shares payable on nonnegotiable request.

(8) Lend its funds to its members and credit unions as provided in this chapter.

(9) Acquire and lease personal property at the request of a member who wishes to lease the property on terms requiring payment, during the term of the lease, of rents that exceed the total expenditures made by the credit union for the acquisition, ownership, financing and protection of the property. Rents may include residual value payments that are the obligation of a responsible third party.

(10) Borrow from any source in accordance with policy established by the board of directors and issue debentures pursuant to a plan approved by the Director of the Department of Consumer and Business Services. The debentures shall be subordinate to the shares and deposits of the credit union.

(11) Discount and sell any eligible obligations, subject to rules adopted by the Director of the Department of Consumer and Business Services.

(12) Sell all or substantially all of its assets or purchase all or substantially all of the assets of another credit union, subject to the approval of the director.

(13) Invest surplus funds as provided in this chapter.

(14) Make deposits in legally chartered banks, savings banks, savings and loan associations, trust companies and credit unions.

(15) Assess charges to members in accordance with the bylaws for failure to meet promptly their obligations to the credit union.

(16) Hold membership in other credit unions organized under this chapter or other state or federal laws, and in other associations and organizations composed of credit unions.

(17) Declare dividends, pay interest on deposit and deposit certificate accounts and pay interest refunds to borrowers as provided in this chapter.

(18) Offer products and services reasonably related to the purposes of a credit union as set forth in ORS 723.006.

(19) Receive deposits from the federal government or this state, or any agency or political subdivision thereof[, *when payable for the accounts of members*].

(20) Make donations or contributions to any civic, charitable, political or community organization as authorized by the board of directors, subject to any rules adopted by the director.

(21) Act as a custodian of qualified pension funds of members if permitted by federal law.

(22) Purchase or make available insurance for its directors, officers, agents, employees and members.

(23) Allow its members to use share accounts, deposit accounts or deposit certificate accounts as share draft accounts as provided in ORS 723.434.

(24) Provide digital signature verification or other electronic authentication services to its members.

(25) Act as trustee or custodian for members of individual retirement accounts or other arrangements established pursuant to sections 408 and 530 of the Internal Revenue Code, deferred compensation accounts established pursuant to section 457 of the Internal Revenue Code, or any other qualified individual retirement account established pursuant to the provisions of the federal Employee Retirement Income Security Act of 1974, provided that the trust or custodial agreement establishing the arrangement requires all funds subject to the arrangement to be invested exclusively in share accounts in the credit union. The State of Oregon, or the applicable instrumentality or municipality, shall be deemed to be a member with respect to such deposits, except that the state or other instrumentality or municipality shall not be entitled to vote, hold office or otherwise participate in the management or operation of the credit union.

(26) Indemnify its directors, officers, employees and committee members or other volunteers in accordance with the provisions of its articles, bylaws and the indemnification provisions of ORS chapter 60.

(27) Exercise other powers that are necessary to carry out the credit union's purpose.

Passed by Senate April 3, 2003

.....
Secretary of Senate

.....
President of Senate

Passed by House June 3, 2003

.....
Speaker of House

Received by Governor:

.....M.,....., 2003

Approved:

.....M.,....., 2003

.....
Governor

Filed in Office of Secretary of State:

.....M.,....., 2003

.....
Secretary of State