

By Mr. Burke of Beverly, petition of Julie McDonald that cities, towns and school districts be authorized to make deposits in federal savings and loans associations. Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-Eight.

AN ACT TO PERMIT DEPOSITS OF CITY, TOWN, AND SCHOOL DISTRICTS IN FEDERAL SAVINGS AND LOANS ASSOCIATIONS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. General Laws Chapter 44 Section 55, as most
2 recently amended by Chapter 248 of the Acts of 1975, is hereby
3 amended by striking said section and inserting in place thereof the
4 following:—

5 A city, town, or district or regional school district shall not at
6 any one time have on deposit in a bank or trust company or
7 banking company or federal savings and loans association an
8 amount exceeding sixty per cent of the capital and surplus of such
9 bank or trust company or banking company, or an amount
10 exceeding sixty percent of the reserves and surplus of a federal
11 savings and loan association, unless satisfactory security is given to
12 it by such bank or trust company or banking company or federal
13 savings and loan association for such excess. The treasurer of any
14 city, town, district or regional school district shall not deposit
15 funds for which he is accountable in any bank, trust company or
16 banking company or federal savings and loan association with
17 which such treasurer is associated as an officer or employee or has
18 been associated as an officer or employee at any time during the
19 three years immediately preceding the date of any such deposit.
20 For the purpose of paying the principal or interest due on any
21 bond, note or other obligation of the city of Boston, which is
22 payable or requested to be paid in the city of New York, the city of
23 Boston may keep on deposit in any national bank or trust company

24 in the city of New York a sum not exceeding in the aggregate
25 twenty-five thousand dollars; provided, that for a period of two
26 weeks prior to the date of any such payment or payments, said
27 amount may be increased by a sum or sums sufficient to cover the
28 same. A treasurer of a city, town district, or regional school district
29 may invest not more than eighty per cent of the proceeds from the
30 issue of bonds and notes, exclusive of temporary notes issued in
31 anticipation of revenue or of serial bond or note issues, prior to
32 their application to the payment of liabilities incurred for the
33 purposes specified in the authorization of the loan, in certificates of
34 deposit in trust companies or national banks or banking
35 companies or in savings certificates of federal savings and loan
36 associations or in United States treasury bills and federal funds.
37 Said treasurer may invest in United States treasury bills and
38 federal funds in certificates of deposit in trust companies, national
39 banks and banking companies, or in savings certificates of federal
40 savings and loan associations or in United States government
41 securities or securities of United States government agencies
42 purchased under an agreement with a trust company, national
43 bank or banking company or federal savings and loan association
44 to repurchase at not less than the original purchase price of said
45 securities on a fixed date, not to exceed ninety days, such portion
46 of revenue cash, exclusive of the proceeds from temporary notes
47 issued under sections four, five, five A, five B, six A and seventeen,
48 as he shall deem not required for current maintenance expenses;
49 provided, however, that no temporary notes in anticipation of
50 revenue shall be issued by the treasurer as long as such revenue
51 cash remains so invested. (Amended by 1973, 224, approved Apr.
52 27, 1973, effective 90 days thereafter; 1974, 90, approved, with
53 emergency preamble, April 9, 1974; 1974, 548, approved July 17,
54 1974, effective 90 days thereafter; 1975, 248, approved May 23,
55 1975, effective 90 days thereafter.)

1 SECTION 2. General Laws Chapter 44 Section 55A, as most
2 recently amended by Chapter 48 of the Acts of 1954, is hereby
3 amended by inserting in the first line thereof after "officer" the
4 words "or treasurer of a regional school district;" so that as thus
5 amended said Section 55A reads as follows:—

6 A city or town officer or treasurer of a regional school district
7 receiving public money and lawfully and in good faith and in the
8 exercise of due care depositing the same in a savings bank or trust
9 company organized under the laws of the commonwealth, on paid-
10 up shares and accounts of and in cooperative banks, a banking
11 company organized under the laws of the commonwealth which is
12 a member of the Federal Deposit Insurance Corporation, or in a
13 national bank doing business in the commonwealth, or, in the case
14 of the city of Boston, in accordance with the provisions of section
15 fifty-five in a national bank or trust company in the city of New
16 York, or in good faith and in the exercise of due care purchasing
17 share accounts of a federal savings and loan association located in
18 the commonwealth, shall not be personally liable to the city or
19 town for any loss of such money by reason of the closing up of such
20 depository or federal savings and loan association for the
21 liquidation of its affairs. (1929, 81; 1948, 143, ss2; 1948, 194 ss2;
22 1950, 224; 1954, 48.)

