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SENATE BILL No. 289

Proposed Changes to introduced printing by AM028902

DIGEST OF PROPOSED AMENDMENT

Public depositories. Provides that if two or fewer financial institutions that have a branch or principal office in a county are willing to accept public funds, the board of finance for the county may: (1) treat the financial institutions that are located within the county or political subdivision as if the financial institutions were not located within the county; and (2) designate one or more financial institutions located in another county in Indiana that is contiguous to the county to receive public funds. Provides that if there is not at least one financial institution located in another county in Indiana that is contiguous to the county willing to accept public funds, the board of finance for the county may designate certain financial institutions to receive public funds.

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-13-8-9, AS AMENDED BY P.L.230-2025,
2 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2026]: Sec. 9. (a) All public funds of all political subdivisions
4 ~~<other than counties>~~ shall be deposited in the designated
5 depositories located in the respective territorial limits of the political
6 subdivisions, except as provided in this section.
7 (b) Each board of finance of a political subdivision:
8 (1) that is not a city or town; and
9 (2) whose jurisdiction crosses one (1) or more county lines;
10 may limit its boundaries for the purpose of this section to that portion
11 of the political subdivision within the county where its principal office
12 is located.
13 (c) If there is no principal office or branch of a financial institution
14 located in the county or ~~<the>~~ political subdivision, or if no financial

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institution with a principal office or branch in the county or political subdivision will accept public funds under this chapter, ~~the~~ board ~~of~~ finance ~~of~~ the county and the boards of finance of the political subdivisions in the county shall designate one (1) or more financial institutions with a principal office or branch outside of the county or political subdivision, and in the state, as a depository or depositories.

(d) The board of trustees for a hospital organized or operated under IC 16-22-1 through IC 16-22-5 or IC 16-23-1 may invest any money in the hospital fund anywhere in the state with any financial institution designated by the state board of finance as depositories for state deposits.

(e) [This subsection applies to a political subdivision that is not a county.] If two (2) or fewer financial institutions that have a branch or principal office in ~~a~~ the county ~~for~~ in which the political subdivision is located or in the political subdivision are willing to accept public funds, the board of finance for the ~~county~~ or political subdivision may:

- (1) treat the financial institutions that are located within the county or political subdivision as if the financial institutions were not located within the county or political subdivision; and
- (2) designate one (1) or more financial institutions to receive public funds under the requirements of subsection (c).

(f) The investing officer shall maintain the deposits as follows:

- (1) In one (1) or more depositories designated for the political subdivision, if the sum of the monthly average balances of all the transaction accounts for the political subdivision does not exceed one hundred thousand dollars (\$100,000).
- (2) In each depository designated for the political subdivision, if subdivision (1) does not apply and fewer than three (3) financial institutions are designated by the local board of finance as a depository.
- (3) In at least two (2) depositories designated for the political subdivision, if subdivision (1) does not apply and at least three (3) financial institutions are designated by the local board of finance as a depository.

(g) Subject to subsections (c) and (e), a board of finance of a political subdivision that is not a:

- (1) city;
- (2) town; or
- (3) hospital described in subsection (d);

shall invest the public funds of the political subdivision in a designated



depository located anywhere in the county in which the political subdivision is located. For purposes of this section, the territorial limits of a political subdivision that is not a city, town, or local hospital authority or corporation are the territorial limits of the county in which the principal office of the board of finance is located.

(h) ~~<A county may invest the public funds of the county in a depository that is located in any other>~~ [This subsection applies to a county. If two (2) or fewer financial institutions that have a branch or principal office in a county are willing to accept public funds, the board of finance for the county may:

(1) treat the financial institutions that are located within the county or a political subdivision in the county as if the financial institutions were not located within the county; and
(2) designate one (1) or more financial institutions located in another] county in Indiana<

~~—SECTION 2. IC 5-13-9-5, AS AMENDED BY P.L.230-2025, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. (a) The board of county commissioners of each county, and the fiscal body of each political subdivision other than a county, may subject to the restrictions provided in IC 5-13-8-9, by ordinance or resolution authorize the investing officer of each, respectively, to invest in certificates of deposit of depositories that have not been designated by the local board of finance of either but have been designated by the state>~~ [that is contiguous to the county to receive public funds. However, if there is not at least one (1) financial institution located in another county in Indiana that is contiguous to the county willing to accept public funds, the] board of finance <as a depository for state deposits under IC 5-13-9.5. An ordinance or a resolution adopted under this subsection must provide that the authority granted in the ordinance or resolution expires on a date that is not later than one (1) year after the date the ordinance or resolution is adopted:

~~—(b) With respect to any money to be invested in a deposit account under subsection (a), the investing officer shall solicit quotes for the certificates of deposit from at least three (3) depositories. If only one (1) depository has been designated for the political subdivision by its local board of finance, a quote must be solicited from that depository. If two (2) or more depositories have been designated for the political subdivision by its local board of finance, at least two (2) quotes must be solicited from the depositories thus designated. The quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken~~



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1 shall be retained by the investing officer as a public record of the
 2 political subdivision under IC 5-14-3.
 3 ~~— (c) If a deposit is not placed in the designated depository~~
 4 ~~quoting the highest rate of interest, the investing officer shall~~
 5 ~~follow the procedures and priority for placing deposits that are set~~
 6 ~~forth in section 4 of this chapter and note the reason for placing the~~
 7 ~~deposit on the memorandum of quotes.~~ [for the county may
 8 designate one (1) or more financial institutions to receive public
 9 funds under the requirements of subsection (c).
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