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SENATE BILL No. 289

Proposed Changes to introduced printing by AM028903

DIGEST OF PROPOSED AMENDMENT

Public depositories. Provides that if a financial institution that has a branch or principal office in the county or political subdivision is willing to accept public funds, but the rate of interest offered to the county or political subdivision by the financial institution is lower, by more than one-half percentage point, than the one month constant maturity rate as reported by the Federal Reserve at the time the board of finance for the county or political subdivision obtains an interest rate quote from the financial institution, the board of finance for the county or political subdivision may treat the financial institution as if the financial institution was not located within the county or political subdivision. Makes a conforming change.

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

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

13 (e) ~~<>[Subject to subsection (h), i]~~ if two (2) or fewer financial
 14 institutions that have a branch or principal office in ~~a~~ **the** county or
 15 political subdivision are willing to accept public funds, the board of
 16 finance for the ~~<>county <>~~ political subdivision may:

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

22 (f) The investing officer shall maintain the deposits as follows:
 23 (1) In one (1) or more depositories designated for the political
 24 subdivision, if the sum of the monthly average balances of all the
 25 transaction accounts for the political subdivision does not exceed
 26 one hundred thousand dollars (\$100,000).

27 (2) In each depository designated for the political subdivision, if
 28 subdivision (1) does not apply and fewer than three (3) financial
 29 institutions are designated by the local board of finance as a
 30 depository.

31 (3) In at least two (2) depositories designated for the political
 32 subdivision, if subdivision (1) does not apply and at least three
 33 (3) financial institutions are designated by the local board of
 34 finance as a depository.

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

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

40 shall invest the public funds of the political subdivision in a designated
 41 depository located anywhere in the county in which the political
 42 subdivision is located. For purposes of this section, the territorial limits



1 of a political subdivision that is not a city, town, or local hospital
 2 authority or corporation are the territorial limits of the county in which
 3 the principal office of the board of finance is located.

4 (h) ~~A county may invest the public funds of the county in a~~
 5 ~~depository that is located in any other county in Indiana.~~

6 ~~SECTION 2. IC 5-13-9-5, AS AMENDED BY P.L.230-2025,~~
 7 ~~SECTION 7, IS AMENDED TO READ AS FOLLOWS~~
 8 ~~[EFFECTIVE JULY 1, 2026]: Sec. 5. (a) The board of county~~
 9 ~~commissioners of each county, and the fiscal body of each>[If a~~
 10 ~~financial institution that has a branch or principal office in the~~
 11 ~~county or] political subdivision <other than a county, may subject~~
 12 ~~to the restrictions provided in IC 5-13-8-9, by ordinance or~~
 13 ~~resolution authorize the investing officer of each, respectively, to~~
 14 ~~invest in certificates of deposit of depositories that have not been~~
 15 ~~designated by the local board of finance of either but have been~~
 16 ~~designated by the state board of finance as a depository for state~~
 17 ~~deposits under IC 5-13-9.5. An ordinance or a resolution adopted~~
 18 ~~under this subsection must provide that the authority granted in~~
 19 ~~the ordinance or resolution expires on a date that is not later than~~
 20 ~~one (1) year after the date the ordinance or resolution is adopted.~~

21 ~~(b) With respect to any money to be invested in a deposit~~
 22 ~~account under subsection (a), the investing officer shall solicit~~
 23 ~~quotes for the certificates of deposit from at least three (3)~~
 24 ~~depositories. If only one (1) depository has been designated for~~
 25 ~~the>[is willing to accept public funds, but the rate of interest~~
 26 ~~offered to the county or] political subdivision by <its local>[the~~
 27 ~~financial institution is lower, by more than one-half (0.5)~~
 28 ~~percentage point, than the one (1) month constant maturity rate as~~
 29 ~~reported by the Federal Reserve at the time the] board of finance<,~~
 30 ~~a quote must be solicited from that depository. If two (2) or more~~
 31 ~~depositories have been designated> for the[county or] political~~
 32 ~~subdivision <by its local>[obtains an interest rate quote from the~~
 33 ~~financial institution, the] board of finance<, at least two (2) quotes~~
 34 ~~must be solicited from>[for] the <depositories thus designated.~~
 35 ~~The quotes may be solicited and taken by telephone. A~~
 36 ~~memorandum of all quotes solicited and taken shall be retained by~~
 37 ~~the investing officer as a public record of the>[county or] political~~
 38 ~~subdivision <under IC 5-14-3.~~

39 ~~(c) If a deposit is not placed in the designated depository~~
 40 ~~quoting the highest rate of interest, the investing officer shall~~
 41 ~~follow the procedures and priority for placing deposits that are set~~
 42 ~~forth in section 4 of this chapter and note the reason for placing the~~



1 ~~deposit on the memorandum of quotes: > [may treat the financial~~
2 ~~institution as if the financial institution was not located within the~~
3 ~~county or political subdivision.~~
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