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SENATE BILL No. 289

Proposed Changes to introduced printing by AM028904

DIGEST OF PROPOSED AMENDMENT

Counties. Provides that if two or fewer financial institutions that have a branch or principal office in a county or in a county contiguous to the county that is located in Indiana 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 county contiguous to the county that is located in Indiana as if the financial institutions were not located within the county or a county contiguous to the county; and (2) designate certain financial institutions to receive public funds. Makes conforming changes.

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 depositories
5 located in the respective territorial limits of the political subdivisions,
6 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~~ For a political subdivision that is not a county, if there
14 is no principal office or branch of a financial institution located in the
15 county in which the political subdivision is located or in the
16 political subdivision, or if no financial institution with a principal

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office or branch in the county [in which the political subdivision is located] or [in the] 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. [For a county, if there is no principal office or branch of a financial institution located in the county or in a county contiguous to the county that is located in Indiana, or if no financial institution with a principal office or branch in the county or in a county contiguous to the county that is located in Indiana will accept public funds under this chapter, the board of finance of the county shall designate one (1) or more financial institutions in Indiana with a principal office or branch outside of the county or outside a county contiguous to the county that is located in Indiana 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 ~~[or]~~ [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);~~ subsections (c), (e), and
~~(h);~~ (h), 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~~ [This subsection applies to a county. If two (2) or fewer
financial institutions that have a branch or principal office in a
county or in a county contiguous to the county] that is located in
any other 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~~ [Indiana
are 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 shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3.

—(c) If a deposit is not placed in the designated depository quoting the highest rate of interest, the investing officer shall follow the procedures and priority for placing deposits that are set forth in section 4 of this chapter and note the reason for placing the deposit on the memorandum of quotes.>[for the county may:

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

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