

SENATE BILL 1047

By Ketron

AN ACT to amend Tennessee Code Annotated, Title 9,  
Chapter 4, Part 1 and Title 9, Chapter 4, Part 5,  
relative to collateral for public deposits.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-4-103, is amended by adding the following as a new subdivision (11):

(11) Any governmental agency security or bond which contains a feature or predetermined discount rate that provides for increases in the security or bond's interest rate at certain specified intervals as the security or bond approaches maturity, or which may be called or prepaid at the face value at a particular interval; provided, however, that the treasurer shall only accept the security or bond as collateral security with the concurrence of the commissioners of finance and administration and of financial institutions. The treasurer may discount the face value of the security or bond in lieu of obtaining the market value pursuant to § 9-4-502(19).

SECTION 2. Tennessee Code Annotated, Section 9-4-502(19), is amended by adding the following at the end of the subdivision:

except, that for eligible collateral meeting the definition of § 9-4-103(11), in lieu of obtaining the market value pursuant to this subdivision (19) the treasurer may establish a predetermined discount, not to exceed twenty percent (20%), on the face value for that collateral;

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.