

## Pennsylvania

**Pursuant to H.B. 1296, which became effective May 24, 2016, all Pennsylvania municipal authorities and public corporations may place public funds on a reciprocal basis (demand and savings) as follows.**

Section 1.1. (a) In addition to products otherwise authorized by law, a public corporation or municipal authority may invest and reinvest money of the public corporation or municipal authority in any of the following financial products:

[text omitted]

(7) Savings or demand deposits placed in accordance with the following conditions:

(i) The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.

(ii) The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.

(iii) The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.

(iv) On the same date that the money is redeposited pursuant to paragraph (ii), the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.<sup>1</sup>

(b) Nothing in subsection (a) shall be construed to supersede or preempt other investment powers of public corporations or municipal authorities as authorized by law.

\* \* \* \* \*

The following local government entities may also place public funds on a send-only basis (savings): boroughs<sup>2</sup>, cities of the third class, municipal authorities, school districts, townships of the first and second class.

*“Public corporations” as noted above shall mean any county, city, borough, township, school district, or municipality or incorporated district of this Commonwealth.*

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<sup>1</sup> Highlight added editorially; participating banks should take note that the rule requires the bank to take reciprocal deposits in order to qualify under these provisions.

<sup>2</sup> See e.g., §8 Pa. C.S. 1316(c)(3)