

SENATE BILL No. 236

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-13-9-2.5.

Synopsis: Local use of money market mutual funds. Allows a municipal corporation or a special taxing district to invest in money market mutual funds. Restricts the investment of public funds to an investment fund that has a portfolio limited to direct obligations of the federal government or fully collateralized repurchase agreements backed by the direct obligation of the federal government. Requires the mutual fund to have a rating of AAAM from Standard and Poor's or Aaa from Moody's. Provides that the mutual funds must have a stated final maturity of one day.

Effective: July 1, 1998.

Merritt

January 7, 1998, read first time and referred to Committee on Financial Institutions.

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PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1997 General Assembly.

SENATE BILL No. 236

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 5-13-9-2.5 IS ADDED TO THE INDIANA CODE
- 2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 3 1, 1998]: **Sec. 2.5. (a) An officer designated in section 1 of this**
- 4 **chapter may invest or reinvest any funds that are held by the**
- 5 **officer and available for investment in the form of securities of or**
- 6 **interests in an open-end, no-load, management-type investment**
- 7 **company or investment trust registered under the provisions of the**
- 8 **Investment Company Act of 1940, as amended (14 U.S.C. 80a et.**
- 9 **seq.), that are commonly known as money market mutual funds.**
- 10 **(b) The portfolio of an investment company or investment trust**
- 11 **described in subsection (a) must be limited to the following:**
- 12 **(1) Direct obligations of the United States issued by any of the**
- 13 **following:**
- 14 **(A) The United States Treasury.**
- 15 **(B) A federal agency.**
- 16 **(C) A federal instrumentality.**
- 17 **(D) A federal government sponsored enterprise.**



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- 1 **(2) Repurchase agreements fully collateralized by obligations**
- 2 **described in subdivision (1).**
- 3 **(c) The form of securities of or interests in an investment**
- 4 **company or investment trust described in subsection (a) must be**
- 5 **rated as one (1) of the following:**
- 6 **(1) AAAM, or its equivalent, by Standard and Poor's**
- 7 **Corporation or its successor.**
- 8 **(2) Aaa, or its equivalent, by Moody's Investors Service, Inc.**
- 9 **or its successor.**
- 10 **(d) The form of securities in an investment company or**
- 11 **investment trust described in subsection (a) is considered to have**
- 12 **a stated final maturity of one (1) day.**
- 13 **(e) The state board of accounts may rely on transaction**
- 14 **confirmations evidencing ownership of the form of securities of or**
- 15 **interests in an investment company or investment trust described**
- 16 **in subsection (a).**

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