



Reprinted
April 8, 1999

ENGROSSED HOUSE BILL No. 1431

DIGEST OF HB 1431 (Updated April 7, 1999 5:13 pm - DI 94)

Citations Affected: IC 5-13.

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 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 Corporation or Aaa from Moody's Investors Service, Inc. Requires the fiscal officer to obtain the approval of the fiscal body before making investments in money market mutual funds. Requires that money market investments must be made through depositories designated as depositories for state deposits. Provides for certain investment restrictions.

Effective: July 1, 1999.

Bottorff, Buell, Stevenson

(SENATE SPONSOR — MERRITT)

January 12, 1999, read first time and referred to Committee on Local Government.
January 28, 1999, reported — Do Pass.
February 1, 1999, read second time, ordered engrossed. Engrossed.
February 8, 1999, read third time, passed. Yeas 56, nays 42.

SENATE ACTION

February 22, 1999, read first time and referred to Committee on Governmental and Regulatory Affairs.
March 29, 1999, amended, reported favorably — Do Pass.
April 7, 1999, read second time, amended, ordered engrossed.

EH 1431—LS 7539/DI 94+



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First Regular Session 111th General Assembly (1999)

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 1998 General Assembly.

ENGROSSED HOUSE BILL No. 1431

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 5-13-9-1 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 1999]: Sec. 1. (a) **Except as provided in**
3 **section 2.4 of this chapter and subsection (b)**, in addition to any other
4 statutory power to make investments, each county treasurer and each
5 fiscal officer of any political subdivision other than a county, under the
6 guidelines established, respectively, by the board of county
7 commissioners of each county and the fiscal body of any other
8 subdivision, and any other officer of a local government entity
9 authorized by statute or court order to make investments, may invest
10 any funds held by each in accordance with this chapter.

11 **(b) The state treasurer may invest funds under section 2.5 of this**
12 **chapter.**

13 ~~(b)~~ (c) The funds that may be invested under this chapter include
14 money raised by bonds issued for a future specific purpose, sinking
15 funds, depreciation reserve funds, gift, bequest or endowment, and any
16 other funds available for investment.

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1 SECTION 2. IC 5-13-9-2.4 IS ADDED TO THE INDIANA CODE
 2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 3 1, 1999]: **Sec. 2.4. An officer of:**

- 4 (1) a political subdivision; or
 5 (2) other local government entity;

6 designated under section 1 of this chapter shall annually obtain the
 7 approval of the fiscal body of the political subdivision or the
 8 governing body of the local government entity before making
 9 investments under section 2.5 of this chapter.

10 SECTION 3. IC 5-13-9-2.5 IS ADDED TO THE INDIANA CODE
 11 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 12 1, 1999]: **Sec. 2.5. (a) An officer designated in section 1 of this
 13 chapter may invest or reinvest funds that are held by the officer
 14 and available for investment in investments commonly known as
 15 money market mutual funds that are in the form of securities of or
 16 interests in an open-end, no-load, management-type investment
 17 company or investment trust registered under the provisions of the
 18 federal Investment Company Act of 1940, as amended (15 U.S.C.
 19 80a et seq.).**

20 (b) The investments described in subsection (a) may not exceed
 21 fifty percent (50%) of the funds held by the officer and available
 22 for investment. This limitation does not apply to investments made
 23 by a county treasurer between:

- 24 (1) the date that is ten (10) days before each property tax
 25 installment due date described in IC 6-1.1-22-9; and
 26 (2) the property tax settlement distribution date described in
 27 IC 6-1.1-27-1(b).

28 (c) The investments described in subsection (a) shall be made
 29 through depositories designated by the state board of finance as
 30 depositories for state deposits under IC 5-13-9.5.

31 (d) The portfolio of an investment company or investment trust
 32 described in subsection (a) must be limited to the following:

- 33 (1) Direct obligations of the United States.
 34 (2) Obligations issued by any of the following:
 35 (A) A federal agency.
 36 (B) A federal instrumentality.
 37 (C) A federal government sponsored enterprise.
 38 (3) Repurchase agreements fully collateralized by obligations
 39 described in subdivision (1) or (2).

40 (e) The form of securities of or interests in an investment
 41 company or investment trust described in subsection (a) must be
 42 rated as one (1) of the following:



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- 1 **(1) AAAm, or its equivalent, by Standard and Poor's**
- 2 **Corporation or its successor.**
- 3 **(2) Aaa, or its equivalent, by Moody's Investors Service, Inc.**
- 4 **or its successor.**
- 5 **(f) The form of securities in an investment company or**
- 6 **investment trust described in subsection (a) is considered to have**
- 7 **a stated final maturity of one (1) day.**
- 8 **(g) The state board of accounts may rely on transaction**
- 9 **confirmations evidencing ownership of the form of securities of or**
- 10 **interests in an investment company or investment trust described**
- 11 **in subsection (a).**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred House Bill 1431, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

STEVENSON, Chair

Committee Vote: yeas 9, nays 5.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Governmental and Regulatory Affairs, to which was referred House Bill No. 1431, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-13-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. (a) **Except as provided in section 2.4 of this chapter and subsection (b)**, in addition to any other statutory power to make investments, each county treasurer and each fiscal officer of any political subdivision other than a county, under the guidelines established, respectively, by the board of county commissioners of each county and the fiscal body of any other subdivision, and any other officer of a local government entity authorized by statute or court order to make investments, may invest any funds held by each in accordance with this chapter.

(b) The state treasurer may invest funds under section 2.5 of this chapter.

~~(b)~~ (c) The funds that may be invested under this chapter include money raised by bonds issued for a future specific purpose, sinking funds, depreciation reserve funds, gift, bequest or endowment, and any other funds available for investment.

SECTION 2. IC 5-13-9-2.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 2.4. An officer of:**

- (1) a political subdivision; or**
- (2) other local government entity;**

designated under section 1 of this chapter shall obtain the approval of the fiscal body of the political subdivision or the governing body of the local government entity before making investments under section 2.5 of this chapter."

Page 1, between lines 10 and 11, begin a new paragraph and insert:

"(b) The investments described in subsection (a) shall be made through depositories designated by the state board of finance as depositories for state deposits under IC 5-13-9.5."

Page 1, line 11, delete "(b)" and insert "(c)".

Page 2, line 3, delete "(c)" and insert "(d)".

Page 2, line 10, delete "(d)" and insert "(e)".

Page 2, line 13, delete "(e)" and insert "(f)".



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and when so amended that said bill do pass.

(Reference is to HB 1431 as printed January 29, 1999.)

MERRITT, Chairperson

Committee Vote: Yeas 5, Nays 3.

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SENATE MOTION

Mr. President: I move that Engrossed House Bill 1431 be amended to read as follows:

Page 2, line 6, after "shall" insert "**annually**".

Page 2, line 13, delete "any".

Page 2, between lines 19 and 20, begin a new paragraph and insert:

“(b) The investments described in subsection (a) may not exceed fifty percent (50%) of the funds held by the officer and available for investment. This limitation does not apply to investments made by a county treasurer between:

(1) the date that is ten (10) days before each property tax installment due date described in IC 6-1.1-22-9; and

(2) the property tax settlement distribution date described in IC 6-1.1-27-1(b).”.

Page 2, line 20, delete “(b)” and insert “(c)”.

Page 2, line 23, delete “(c)” and insert “(d)”.

Page 2, line 32, delete “(d)” and insert “(e)”.

Page 2, line 39, delete “(e)” and insert “(f)”.

Page 2, line 42, delete “(f)” and insert “(g)”.

(Reference is to EHB 1431 as printed March 30, 1999.)

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