

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7538

DATE PREPARED: Jan 6, 1999

BILL NUMBER:

SB 403

BILL AMENDED:

SUBJECT: Local use of money market mutual funds.

FISCAL ANALYST: Beverly Holloway

PHONE NUMBER: 232-9851

FUNDS AFFECTED:

**GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill allows a municipal corporation or a special taxing district to invest in money market mutual funds. The investment of public funds is restricted to an investment fund that has a portfolio limited to obligations of the federal government of fully collateralized repurchase agreements backed by the direct obligation of the federal government. It requires the mutual fund to have a rating of AAAM from Standard and Poor's or Aaa from Moody's Investors Service.

Effective Date: July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill allows a municipal corporation or a special taxing district to invest public funds in an open-end, no-load, management-type investment company or investment trust commonly known as a AAA money market mutual fund. This provision provides a municipal corporation or a special taxing district with a more convenient purchasing option with the possibility of increased risk and an opportunity for earning a higher yield.

State Agencies Affected:

Local Agencies Affected: Municipal corporation or a special taxing district.

Information Sources: