



Reprinted  
February 2, 1999

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## HOUSE BILL No. 1371

DIGEST OF HB 1371 (Updated February 1, 1999 5:32 pm - DI 94)

**Citations Affected:** IC 5-13.

**Synopsis:** Conservancy district investments. Allows the Lawrenceburg conservancy district to invest public funds in municipal securities and equity securities having a stated final maturity of any number of years or having no stated final maturity. Limits investments in municipal securities and equity securities to 25% of the total investment portfolio. Allows other investments of the Lawrenceburg conservancy district investments to have a maturity of not more than five years. (Current state law restricts public funds to investments that have a maturity of not more than two years.)

**Effective:** July 1, 1999.

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January 12, 1999, read first time and referred to Committee on Agriculture, Natural Resources and Rural Development.  
January 26, 1999, amended, reported — Do Pass.  
February 1, 1999, read second time, amended, ordered engrossed.

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HB 1371—LS 7365/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.

## HOUSE BILL No. 1371

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 IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) Each officer designated in  
3 section 1 of this chapter may invest or reinvest any funds that are held  
4 by the officer and available for investment in any of the following:  
5 (1) Securities backed by the full faith and credit of the United  
6 States Treasury or fully guaranteed by the United States and  
7 issued by any of the following:  
8 (A) The United States Treasury.  
9 (B) A federal agency.  
10 (C) A federal instrumentality.  
11 (D) A federal government sponsored enterprise.  
12 (2) Discount notes issued by any of the following:  
13 (A) A federal agency.  
14 (B) A federal instrumentality.  
15 (C) A federal government sponsored enterprise.  
16 (b) If an investment under subsection (a)(1) is made at a cost in  
17 excess of the par value of the securities purchased, any premium paid

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1 for the securities shall be deducted from the first interest received and  
 2 returned to the fund from which the investment was purchased, and  
 3 only the net amount is considered interest income.

4 (c) The officer making the investment may sell any securities  
 5 acquired and may do anything necessary to protect the interests of the  
 6 funds invested, including the exercise of exchange privileges which  
 7 may be granted with respect to maturing securities in cases where the  
 8 new securities offered in exchange meet the requirements for initial  
 9 investment.

10 (d) The investing officers of the political subdivisions are the legal  
 11 custodians of securities under this chapter. They shall accept  
 12 safekeeping receipts or other reporting for securities from:

- 13 (1) a duly designated depository as prescribed in this article; or  
 14 (2) a financial institution located either in or out of Indiana having  
 15 custody of securities with a combined capital and surplus of at  
 16 least ten million dollars (\$10,000,000) according to the last  
 17 statement of condition filed by the financial institution with its  
 18 governmental supervisory body.

19 (e) The state board of accounts may rely on safekeeping receipts or  
 20 other reporting from any depository or financial institution.

21 (f) **In addition to any other investments allowed under this**  
 22 **chapter, an officer of a conservancy district located in a city having**  
 23 **a population of more than four thousand three hundred (4,300) but**  
 24 **less than four thousand six hundred (4600) may also invest in:**

- 25 (1) **municipal securities; and**  
 26 (2) **equity securities;**

27 **having a stated final maturity of any number of years or having no**  
 28 **stated final maturity. The total investments outstanding under this**  
 29 **subsection may not exceed twenty-five percent (25%) of the total**  
 30 **portfolio of funds invested by the officer of a conservancy district.**  
 31 **However, an investment that complies with this subsection when**  
 32 **the investment is made remains legal even if a subsequent decrease**  
 33 **in the total portfolio invested by the officer of a conservancy**  
 34 **district causes the percentage of investments outstanding under**  
 35 **this subsection to exceed twenty-five percent (25%).**

36 SECTION 2. IC 5-13-9-5.6 IS AMENDED TO READ AS  
 37 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5.6. **Except for**  
 38 **investments allowed under section 2(f) of this chapter,** investments  
 39 made under this chapter must have a stated final maturity of not more  
 40 than:

- 41 (1) **five (5) years for a conservancy district located in a city**  
 42 **having a population of more than four thousand three**



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1           **hundred (4,300) but less than four thousand six hundred**  
2           **(4,600); or**  
3           **(2) two (2) years for a political subdivision not described in**  
4           **subdivision (1);**  
5           after the date of purchase or entry into a repurchase agreement.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Agriculture, Natural Resources and Rural Development, to which was referred House Bill 1371, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 26, delete "." and insert ";".

Page 2, between lines 26 and 27, begin a new line blocked left and insert:

**"having a stated final maturity of any number of years or having no stated final maturity."**

Page 2, line 28, delete "Investments" and insert **"Except for investments allowed under section 2(f) of this chapter, investments"**.

and when so amended that said bill do pass.

(Reference is to HB 1371 as introduced.)

LYTLE, Chair

Committee Vote: yeas 13, nays 1.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1371 be amended to read as follows:

Page 2, line 24, delete ",."

Page 2, line 28, after "maturity." insert "**The total investments outstanding under this subsection may not exceed twenty-five percent (25%) of the total portfolio of funds invested by the officer of a conservancy district. However, an investment that complies with this subsection when the investment is made remains legal even if a subsequent decrease in the total portfolio invested by the officer of a conservancy district causes the percentage of investments outstanding under this subsection to exceed twenty-five percent (25%).**".

(Reference is to HB 1371 as printed January 27, 1999.)

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