



January 29, 1999

# HOUSE BILL No. 1431

DIGEST OF HB1431 (Updated January 26, 1999 11:17 am - 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.

**Effective:** July 1, 1999.

**Bottorff**

January 12, 1999, read first time and referred to Committee on Local Government.  
January 28, 1999, reported — Do Pass.

C  
O  
P  
Y

HB 1431—LS 7539/DI 94+



January 29, 1999

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.

C  
O  
P  
Y

## 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 5-13-9-2.5 IS ADDED TO THE INDIANA CODE  
2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 1999]: **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 investments commonly**  
6 **known as money market mutual funds that are in the form of**  
7 **securities of or interests in an open-end, no-load, management-type**  
8 **investment company or investment trust registered under the**  
9 **provisions of the federal Investment Company Act of 1940, as**  
10 **amended (15 U.S.C. 80a et seq.).**

11 **(b) The portfolio of an investment company or investment trust**  
12 **described in subsection (a) must be limited to the following:**

- 13 (1) **Direct obligations of the United States.**  
14 (2) **Obligations issued by any of the following:**  
15 (A) **A federal agency.**  
16 (B) **A federal instrumentality.**  
17 (C) **A federal government sponsored enterprise.**

HB 1431—LS 7539/DI 94+



- 1           **(3) Repurchase agreements fully collateralized by obligations**
- 2           **described in subdivision (1) or (2).**
- 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).**

C  
o  
p  
y



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.

C  
o  
p  
y

