



Reprinted
March 1, 2005

HOUSE BILL No. 1456

DIGEST OF HB 1456 (Updated February 28, 2005 7:15 pm - DI 73)

Citations Affected: IC 5-13.

Synopsis: Investments by political subdivisions. Allows a county treasurer and the fiscal officer of any political subdivision to invest or reinvest funds in obligations issued, assumed, or guaranteed by the State of Israel. Provides that investments made in obligations issued, assumed, or guaranteed by the State of Israel must have a stated final maturity of not more than five years.

Effective: July 1, 2005.

Murphy, Orentlicher, Hinkle

January 18, 2005, read first time and referred to Committee on Local Government.
February 21, 2005, reported — Do Pass.
February 28, 2005, read second time, amended, ordered engrossed.

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HB 1456—LS 6567/DI 87+



First Regular Session 114th General Assembly (2005)

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 2004 Regular Session of the General Assembly.

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HOUSE BILL No. 1456

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, 2005]: 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) Securities fully guaranteed and issued by any of the following:
13 (A) A federal agency.
14 (B) A federal instrumentality.
15 (C) A federal government sponsored enterprise.
16 (3) **Obligations issued, assumed, or guaranteed as to the**
17 **payment of principal and interest by the State of Israel.**

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1 (b) If an investment under subsection (a)(1) is made at a cost in
2 excess of the par value of the securities purchased, any premium paid
3 for the securities shall be deducted from the first interest received and
4 returned to the fund from which the investment was purchased, and
5 only the net amount is considered interest income.

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

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

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

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

23 (f) In addition to any other investments allowed under this chapter,
24 an officer of a conservancy district located in a city having a population
25 of more than four thousand six hundred fifty (4,650) but less than five
26 thousand (5,000) may also invest in:

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

38 (g) In addition to any other investments allowed under this chapter,
39 a clerk-treasurer of a town with a population of more than six thousand
40 three hundred (6,300) but less than ten thousand (10,000) located in a
41 county having a population of more than one hundred thousand
42 (100,000) but less than one hundred five thousand (105,000) may also

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1 invest money in a host community agreement future fund established
2 by ordinance of the town in:

- 3 (1) municipal securities; and
 - 4 (2) equity securities;
- 5 having a stated final maturity of any number of years or having no
6 stated final maturity. The total investments outstanding under this
7 subsection may not exceed twenty-five percent (25%) of the total
8 portfolio of funds invested by the clerk-treasurer of a town. However,
9 an investment that complies with this subsection when the investment
10 is made remains legal even if a subsequent decrease in the total
11 portfolio invested by the clerk-treasurer of a town causes the
12 percentage of investments outstanding under this subsection to exceed
13 twenty-five percent (25%).

14 SECTION 2. IC 5-13-9-5.6 IS AMENDED TO READ AS
15 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5.6. (a) Except for
16 investments allowed under section 2(a)(3), 2(f), or 2(g) of this chapter,
17 investments made under this chapter must have a stated final maturity
18 of not more than:

- 19 (1) five (5) years for a conservancy district located in a city
20 having a population of more than four thousand six hundred fifty
21 (4,650) but less than five thousand (5,000);
- 22 (2) five (5) years for investments made from a host community
23 agreement future fund established by ordinance of a town with a
24 population of more than six thousand three hundred (6,300) but
25 less than ten thousand (10,000) located in a county having a
26 population of more than one hundred thousand (100,000) but less
27 than one hundred five thousand (105,000); or
- 28 (3) **except as provided in subsection (b)**, two (2) years for a fund
29 or political subdivision not described in subdivision (1) or (2);
30 after the date of purchase or entry into a repurchase agreement.

31 **(b) An investment made in a security described in section 2(a)(3)**
32 **of this chapter must have a stated final maturity of not more than**
33 **five (5) years from the date of purchase.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred House Bill 1456, 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.

SAUNDERS, Chair

Committee Vote: yeas 10, nays 0.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1456 be amended to read as follows:

Page 3, after line 13, begin a new paragraph and insert:

"SECTION 2. IC 5-13-9-5.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5.6. (a) Except for investments allowed under section 2(a)(3), 2(f), or 2(g) of this chapter, investments made under this chapter must have a stated final maturity of not more than:

- (1) five (5) years for a conservancy district located in a city having a population of more than four thousand six hundred fifty (4,650) but less than five thousand (5,000);
 - (2) five (5) years for investments made from a host community agreement future fund established by ordinance of a town with a population of more than six thousand three hundred (6,300) but less than ten thousand (10,000) located in a county having a population of more than one hundred thousand (100,000) but less than one hundred five thousand (105,000); or
 - (3) **except as provided in subsection (b)**, two (2) years for a fund or political subdivision not described in subdivision (1) or (2);
- after the date of purchase or entry into a repurchase agreement.

(b) An investment made in a security described in section 2(a)(3) of this chapter must have a stated final maturity of not more than five (5) years from the date of purchase."

(Reference is to HB 1456 as printed February 22, 2005.)

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