



February 24, 2012

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# ENGROSSED SENATE BILL No. 191

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DIGEST OF SB 191 (Updated February 22, 2012 3:07 pm - DI 101)

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

**Synopsis:** Local government investments. Permits a political subdivision to authorize its investing officer to invest public funds for a maximum term of five years. (Under current law, the maximum term is generally two years.) Requires the fiscal body of the political subdivision to approve a written investment policy and adopt an ordinance to provide this authority. Provides that the authority expires on the date of the expiration of the policy which may not exceed four years. Limits the amount that may be invested for more than two years to 25% of the political subdivision's total portfolio of public fund investments, including transaction accounts. Changes population parameters to reflect the population count determined under the 2010 decennial census.

**Effective:** July 1, 2012.

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**Charbonneau, Eckerty, Buck,  
Hume, Tallian**

(HOUSE SPONSORS — SOLIDAY, MOSELEY)

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January 4, 2012, read first time and referred to Committee on Local Government.  
January 12, 2012, amended, reported favorably — Do Pass.  
January 17, 2012, read second time, amended, ordered engrossed.  
January 18, 2012, engrossed.  
January 19, 2012, read third time, passed. Yeas 48, nays 0.

HOUSE ACTION

January 31, 2012, read first time and referred to Committee on Ways and Means.  
February 9, 2012, reassigned to Committee on Financial Institutions.  
February 23, 2012, reported — Do Pass.

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ES 191—LS 6305/DI 58+



February 24, 2012

Second Regular Session 117th General Assembly (2012)

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 2011 Regular Session of the General Assembly.

## ENGROSSED SENATE BILL No. 191

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 5-13-9-5.6 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 5.6. Except for  
3 investments allowed under section 2(f) or 2(g) of this chapter,  
4 investments made under this chapter must have a stated final maturity  
5 of not more than:  
6 (1) five (5) years **after the date of purchase or entry into a**  
7 **repurchase agreement** for a conservancy district located in a city  
8 having a population of more than ~~four~~ **five** thousand ~~six hundred~~  
9 ~~fifty~~ ~~(4,650)~~ **(5,000)** but less than five thousand ~~(5,000)~~; **one**  
10 **hundred (5,100)**;  
11 (2) five (5) years **after the date of purchase or entry into a**  
12 **repurchase agreement** for investments made from a host  
13 community agreement future fund established by ordinance of a  
14 town with a population of more than ~~six~~ **five** thousand ~~three~~  
15 ~~hundred~~ ~~(6,300)~~ **(5,000)** but less than ten thousand (10,000)  
16 located in a county having a population of more than one hundred  
17 **forty** thousand ~~(100,000)~~ **(140,000)** but less than one hundred

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1            ~~five~~ **five** thousand ~~(105,000);~~ **(150,000)**; or  
2            (3) two (2) years **after the date of purchase or entry into a**  
3            **repurchase agreement** for:  
4            (A) ~~a fund or political subdivision~~ not described in subdivision  
5            (1) or (2); or  
6            (B) **a political subdivision that:**  
7            (i) **is not described in subdivision (1) or (2); and**  
8            (ii) **does not have in effect an investment policy and**  
9            **ordinance under section 5.7 of this chapter.**  
10            after the date of purchase or entry into a repurchase agreement.  
11            SECTION 2. IC 5-13-9-5.7 IS ADDED TO THE INDIANA CODE  
12            AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
13            1, 2012]: **Sec. 5.7. (a) The fiscal body of a political subdivision may**  
14            **adopt an investment policy authorizing the investment of public**  
15            **funds of the political subdivision for more than two (2) years and**  
16            **not more than five (5) years. The policy must:**  
17            (1) **be in writing;**  
18            (2) **be adopted at a public meeting;**  
19            (3) **provide for the investment of public funds with the**  
20            **approval of the investing officer;**  
21            (4) **provide that the investments must be made in accordance**  
22            **with this article;**  
23            (5) **limit the total investments outstanding under this section**  
24            **to not more than twenty-five percent (25%) of the total**  
25            **portfolio of public funds invested by the political subdivision,**  
26            **including balances in transaction accounts; and**  
27            (6) **state a date on which the policy expires, which may not**  
28            **exceed four (4) years.**  
29            (b) **A policy adopted by a fiscal body under subsection (a)**  
30            **remains in effect only through the date of expiration established in**  
31            **the policy, which may not exceed four (4) years.**  
32            (c) **A fiscal body that has adopted a written investment policy**  
33            **under subsection (a) may adopt an ordinance authorizing its**  
34            **investing officer to make investments having a stated final**  
35            **maturity that is:**  
36            (1) **more than two (2) years; but**  
37            (2) **not more than five (5) years;**  
38            **after the date of purchase or entry into a repurchase agreement.**  
39            (d) **An ordinance adopted by a fiscal body under subsection (c)**  
40            **and the power to make an investment described in subsection (c)**  
41            **expire on the date on which the policy expires, which may not**  
42            **exceed four (4) years.**

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1           (e) After an investment of public funds of a political subdivision  
2 is made by the investing officer under this section, the total  
3 investments of the political subdivision outstanding under this  
4 section may not exceed twenty-five percent (25%) of the total  
5 portfolio of public funds invested by the political subdivision,  
6 including balances in transaction accounts. However, an  
7 investment that complies with this section when the investment is  
8 made remains legal even if:  
9           (1) the investment policy has expired; or  
10           (2) a subsequent decrease in the total portfolio of public funds  
11 invested by the political subdivision, including balances in  
12 transaction accounts, causes the percentage of investments  
13 outstanding under this section to exceed twenty-five percent  
14 (25%) of the total portfolio of public funds invested by the  
15 political subdivision.  
16           (f) An investing officer may contract with a federally regulated  
17 investment advisor or other institutional money manager to make  
18 investments under this section.

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## COMMITTEE REPORT

Madam President: The Senate Committee on Local Government, to which was referred Senate Bill No. 191, 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, line 8, strike "four" and insert "**five**".

Page 1, line 8, strike "six hundred fifty".

Page 1, line 9, strike "(4,650)" and insert "**(5,000)**".

Page 1, line 9, strike "(5,000);" and insert "**one hundred (5,100);**".

Page 1, line 13, strike "six" and insert "**five**".

Page 1, line 13, strike "three hundred".

Page 1, line 14, strike "(6,300)" and insert "**(5,000)**".

Page 1, line 15, after "hundred" insert "**forty**".

Page 1, line 15, strike "(100,000)" and insert "**(140,000)**".

Page 1, line 16, strike "five" and insert "**fifty**".

Page 1, line 16, strike "(105,000);" and insert "**(150,000);**".

and when so amended that said bill do pass.

(Reference is to SB 191 as introduced.)

LAWSON C, Chairperson

Committee Vote: Yeas 9, Nays 0.

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 SENATE MOTION

Madam President: I move that Senate Bill 191 be amended to read as follows:

Page 2, delete lines 27 through 30, begin a new line block indented and insert:

**"(6) state a date on which the policy expires, which may not exceed four (4) years."**

Page 2, delete lines 31 through 33, begin a new paragraph and insert:

**"(b) A policy adopted by a fiscal body under subsection (a) remains in effect only through the date of expiration established in the policy, which may not exceed four (4) years."**

Page 2, delete lines 41 through 42, begin a new paragraph and insert:

**"(d) An ordinance adopted by a fiscal body under subsection (c) and the power to make an investment described in subsection (c)**

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**expire on the date on which the policy expires, which may not exceed four (4) years."**

Page 3, delete lines 1 through 2.

(Reference is to SB 191 as printed January 13, 2012.)

CHARBONNEAU

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Financial Institutions, to which was referred Senate Bill 191, 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.

BURTON, Chair

Committee Vote: yeas 8, nays 0.

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