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# SENATE BILL No. 191

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-13-9.

**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 that the term of any member ends, excluding a vacancy, for the fiscal body that adopted the policy and ordinance. 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.

**Effective:** July 1, 2012.

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## Charbonneau

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January 4, 2012, read first time and referred to Committee on Local Government.

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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.

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# 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 thousand six hundred fifty  
 9 (4,650) but less than five thousand (5,000);  
 10 (2) five (5) years **after the date of purchase or entry into a**  
 11 **repurchase agreement** for investments made from a host  
 12 community agreement future fund established by ordinance of a  
 13 town with a population of more than six thousand three hundred  
 14 (6,300) but less than ten thousand (10,000) located in a county  
 15 having a population of more than one hundred thousand (100,000)  
 16 but less than one hundred five thousand (105,000); or  
 17 (3) two (2) years **after the date of purchase or entry into a**



1           **repurchase agreement for:**

2           (A) a fund or political subdivision not described in subdivision  
3           (1) or (2); or

4           **(B) a political subdivision that:**

5           (i) is not described in subdivision (1) or (2); and

6           (ii) does not have in effect an investment policy and  
7           ordinance under section 5.7 of this chapter.

8           after the date of purchase or entry into a repurchase agreement.

9           SECTION 2. IC 5-13-9-5.7 IS ADDED TO THE INDIANA CODE  
10          AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
11          1, 2012]: **Sec. 5.7. (a) The fiscal body of a political subdivision may  
12          adopt an investment policy authorizing the investment of public  
13          funds of the political subdivision for more than two (2) years and  
14          not more than five (5) years. The policy must:**

15           (1) be in writing;

16           (2) be adopted at a public meeting;

17           (3) provide for the investment of public funds with the  
18           approval of the investing officer;

19           (4) provide that the investments must be made in accordance  
20           with this article;

21           (5) limit the total investments outstanding under this section  
22           to not more than twenty-five percent (25%) of the total  
23           portfolio of public funds invested by the political subdivision,  
24           including balances in transaction accounts; and

25           (6) state a date on which the policy expires, which may not be  
26           later than the date of expiration of the term (excluding a  
27           vacancy) of the member of the fiscal body that adopts the  
28           policy whose term is first to expire.

29           **(b) A policy adopted by a fiscal body under subsection (a)  
30          remains in effect only through the date of expiration of the term of  
31          the member of the fiscal body whose term is first to expire.**

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 of expiration of the term (excluding a vacancy)  
42          of the member of the fiscal body whose term is first to expire.**

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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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