



February 18, 2013

HOUSE BILL No. 1018

DIGEST OF HB 1018 (Updated February 18, 2013 1:04 pm - DI 113)

Citations Affected: IC 5-13; IC 6-5.5.

Synopsis: Financial institutions matters. Reduces the financial institutions franchise tax rate over four years, from 8.5% for taxable years beginning before January 1, 2014, to 6.5% for taxable years beginning on or after January 1, 2017. Makes the public deposits insurance fund a trust fund. Provides that the treasurer of state is the trustee of the fund. Requires a two-thirds vote by the general assembly before money in the PDIF may be used for a purpose other than paying expenses for the administration of the fund, investing, reinvesting, and exchanging specified investments, paying allowable operational expenses, paying claims on insured public deposits, and making deposits of uninvested funds.

Effective: July 1, 2013.

**Messmer, Leonard, Dermody,
Nieżgodski**

January 7, 2013, read first time and referred to Committee on Ways and Means.
February 18, 2013, amended, reported — Do Pass.

C
O
P
Y

HB 1018—LS 6025/DI 58+



February 18, 2013

First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

C
O
P
Y

HOUSE BILL No. 1018

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 5-13-4-15 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 15. "Insurance fund"
3 refers to the public deposits insurance **trust** fund created by
4 IC 5-13-12.

5 SECTION 2. IC 5-13-12-1 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. (a) There is created
7 an independent body politic and corporate, constituting an
8 instrumentality of the state for the public purposes set out in this
9 chapter, to be known as the board for depositories. The board is
10 separate from the state in its corporate and sovereign capacity. The
11 purpose of the board is to insure the safekeeping and prompt payment
12 of all public funds deposited in any depository, to the extent they are
13 not covered by insurance of any federal deposit insurance agency, by
14 maintaining and operating in its own name the public deposit insurance
15 **trust** fund under this chapter. **The public deposit insurance trust**
16 **fund is not part of the state treasury and is considered a trust fund**
17 **for purposes of IC 4-9.1-1-7. Money may not be transferred,**

HB 1018—LS 6025/DI 58+



1 **assigned, or otherwise removed from the trust fund established**
 2 **under this section by the state board of finance, the budget agency,**
 3 **or any other state agency. The treasurer of state shall act as the**
 4 **trustee of the trust fund.**

5 (b) Every depository that has public funds shall pay into the public
 6 deposit insurance fund the assessments provided in this chapter and
 7 comply with all lawful requirements of the board for depositories. The
 8 public deposit insurance fund shall be maintained by the assessments
 9 payable by the depositories and by the collection of all claims created
 10 under IC 5-13-13 and by the receipt of all interest and other earnings
 11 of the insurance fund from any source.

12 (c) All property in the public deposit insurance fund, the interest or
 13 income derived from it or through its use, and all property otherwise
 14 held by the board for depositories under this chapter is exempt from all
 15 taxes imposed by the state or any political subdivision.

16 SECTION 3. IC 5-13-12-7, AS AMENDED BY P.L.115-2010,
 17 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2013]: Sec. 7. (a) The ~~board for depositories trustee~~ shall
 19 manage and operate the insurance fund. All expenses incident to the
 20 administration of the fund shall be paid out of the money accumulated
 21 in it subject to the direction of the ~~board for depositories trustee~~.
 22 **Money in the fund may not be expended, removed, or transferred**
 23 **from the fund for any purpose other than the following unless**
 24 **expenditure, removal, or transfer is approved by a vote of**
 25 **two-thirds (2/3) of the members elected to each house of the**
 26 **general assembly:**

- 27 (1) **Paying expenses of administering the fund.**
- 28 (2) **Investing, reinvesting, and exchanging investments as**
 29 **described in subsection (d).**
- 30 (3) **Paying claims on insured public deposits under IC 5-13-13.**
- 31 (4) **Making payments required by contracts executed under**
 32 **section 3(a)(6) of this chapter.**
- 33 (5) **Making deposits of uninvested funds under section 3(a)(8)**
 34 **of this chapter.**
- 35 (6) **Paying allowable expenses as provided in section 4 of this**
 36 **chapter.**
- 37 (7) **Providing the auditor of state with a check for the pension**
 38 **distribution fund as required by section 4(d) of this chapter.**

39 (b) Effective January 1 and July 1 in each year, the board shall
 40 before those dates redetermine the amount of the reserve to be
 41 maintained by the insurance fund. The establishment or any change in
 42 the reserve for losses shall be determined by the board based on

C
O
P
Y



1 information the board considers, including but not limited to capital
 2 adequacy, liquidity, and asset quality, and a study to be made or
 3 updated by actuaries, economists, or other consultants based on the
 4 history of losses, earnings on the funds, conditions of the depositories,
 5 economic conditions affecting particular depositories or depositories
 6 in general, and any other factors that the board considers relevant in
 7 making its determination. The reserve determined by the board must be
 8 sufficient to ensure the safekeeping and prompt payment of public
 9 funds to the extent they are not covered by insurance of any federal
 10 deposit insurance agency.

11 (c) At the end of each biennial period during which depositories
 12 have had public funds on deposit under this chapter and paid the
 13 assessments levied by the board, the board shall compute its receipts
 14 from assessments and all other sources and its expenses and losses and
 15 determine the profit derived from the operation of the fund for the
 16 period. Until the amount of the reserve for losses has been
 17 accumulated, all assessments levied for a biennial period shall be
 18 retained by the fund. The amount of the assessments, if any, levied by
 19 the board shall, to the extent the fund exceeds the reserve for losses at
 20 the end of a biennial period commencing July 1 of each odd-numbered
 21 year, be distributed to the depositories that had public funds on deposit
 22 during the biennial period in which the assessments were paid. The
 23 distribution shall be made to the respective depositories in the
 24 proportion that the total assessments paid by each depository during
 25 that period bears to the total assessments then paid by all depositories.
 26 A distribution to which any closed depository would otherwise be
 27 entitled shall be set off against any claim that the insurance fund may
 28 have against the closed depository.

29 (d) The ~~board trustee~~ may invest, reinvest, and exchange
 30 investments of the insurance fund in excess of the cash working
 31 balance in any of the following:

32 (1) In bonds, notes, certificates, and other valid obligations of the
 33 United States, either directly or, subject to the limitations in
 34 subsection (e), in the form of securities of or other interests in an
 35 open-end no-load management-type investment company or
 36 investment trust registered under the provisions of the Investment
 37 Company Act of 1940, as amended (15 U.S.C. 80a et seq.).

38 (2) In bonds, notes, debentures, and other securities issued by a
 39 federal agency or a federal instrumentality and fully guaranteed
 40 by the United States either directly or, subject to the limitations
 41 in subsection (e), in the form of securities of or other interests in
 42 an open-end no-load management-type investment company or

C
o
p
y



1 investment trust registered under the provisions of the Investment
2 Company Act of 1940, as amended (15 U.S.C. 80a et seq.).

3 (3) In bonds, notes, certificates, and other valid obligations of a
4 state or of an Indiana political subdivision that are issued under
5 law, the issuers of which, for five (5) years before the date of the
6 investment, have promptly paid the principal and interest on their
7 bonds and other legal obligations.

8 (4) In bonds or other obligations of the Indiana finance authority
9 issued under IC 4-13.5.

10 (5) In investments permitted the state under IC 5-13-10.5.

11 (6) In guarantees of industrial development obligations or credit
12 enhancement obligations, or both, for the purposes of retaining
13 and increasing employment in enterprises in Indiana, subject to
14 the limitations and conditions set out in this subdivision,
15 subsection (e), and section 8 of this chapter. An individual
16 guarantee of the board under this subdivision must not exceed
17 eight million dollars (\$8,000,000).

18 (7) In guarantees of bonds or notes issued under IC 5-1.5-4-1,
19 subject to the limitations and conditions set out in subsection (e)
20 and section 8 of this chapter.

21 (8) In bonds, notes, or other valid obligations of the Indiana
22 finance authority that have been issued in conjunction with the
23 authority's acquisition, development, or improvement of property
24 or other interests for an industrial development project (as defined
25 in IC 4-4-10.9-11) that the authority has undertaken for the
26 purposes of retaining or increasing employment in existing or new
27 enterprises in Indiana, subject to the limitations in subsection (e).

28 (9) In notes or other debt obligations of counties, cities, and towns
29 that have been issued under IC 6-1.1-39 for borrowings from the
30 industrial development fund under IC 5-28-9 for purposes of
31 retaining or increasing employment in existing or new enterprises
32 in Indiana, subject to the limitations in subsection (e).

33 (10) In bonds or other obligations of the Indiana housing and
34 community development authority.

35 (e) The investment authority of the ~~board~~ trustee under subsection
36 (d) is subject to the following limitations:

37 (1) For investments under subsection (d)(1) and (d)(2), the
38 portfolio of an open-end no-load management-type investment
39 company or investment trust must be limited to:

40 (A) direct obligations of the United States and obligations of
41 a federal agency or a federal instrumentality that are fully
42 guaranteed by the United States; and

C
o
p
y



- 1 (B) repurchase agreements fully collateralized by obligations
 2 described in clause (A), of which the company or trust takes
 3 delivery either directly or through an authorized custodian.
- 4 (2) Total outstanding investments in guarantees of industrial
 5 development obligations and credit enhancement obligations
 6 under subsection (d)(6) must not exceed the greater of:
 7 (A) ten percent (10%) of the available balance of the insurance
 8 fund; or
 9 (B) fourteen million dollars (\$14,000,000).
- 10 (3) Total outstanding investments in guarantees of bond bank
 11 obligations under subsection (d)(7) must not exceed the greater
 12 of:
 13 (A) twenty percent (20%) of the available balance of the
 14 insurance fund; or
 15 (B) twenty-four million dollars (\$24,000,000).
- 16 (4) Total outstanding investments in bonds, notes, or other
 17 obligations of the Indiana finance authority under subsection
 18 (d)(8) may not exceed the greater of:
 19 (A) fifteen percent (15%) of the available balance of the
 20 insurance fund; or
 21 (B) twenty million dollars (\$20,000,000).
- 22 However, after June 30, 1988, the board may not make any
 23 additional investment in bonds, notes, or other obligations of the
 24 Indiana finance authority issued under IC 4-4-11, and the board
 25 may invest an amount equal to the remainder, if any, of:
 26 (i) fifteen percent (15%) of the available balance of the
 27 insurance fund; minus
 28 (ii) the board's total outstanding investments in bonds, notes,
 29 or other obligations of the Indiana finance authority issued
 30 under IC 4-4-11;
- 31 in guarantees of industrial development obligations or credit
 32 enhancement obligations, or both, as authorized by subsection
 33 (d)(6). In such a case, the outstanding investments, as authorized
 34 by subsection (d)(6) and (d)(8), may not exceed in total the
 35 greater of twenty-five percent (25%) of the available balance of
 36 the insurance fund or thirty-four million dollars (\$34,000,000).
- 37 (5) Total outstanding investments in notes or other debt
 38 obligations of counties, cities, and towns under subsection (d)(9)
 39 may not exceed the greater of:
 40 (A) ten percent (10%) of the available balance of the insurance
 41 fund; or
 42 (B) twelve million dollars (\$12,000,000).

C
O
P
Y



1 (f) For purposes of subsection (e), the available balance of the
 2 insurance fund does not include the outstanding principal amount of
 3 any fund investment in a corporate note or obligation or the part of the
 4 fund that has been established as a reserve for losses.

5 (g) Except as provided in section 4 of this chapter, all interest and
 6 other income earned on investments of the insurance fund and all
 7 amounts collected by the board accrue to the fund.

8 (h) **The trustee**, members of the board, and any officers or
 9 employees of the board are not subject to personal liability or
 10 accountability by reason of any investment in any of the obligations
 11 listed in subsection (d).

12 (i) The board shall, when directed by the state board of finance
 13 constituted by IC 4-9.1-1-1, purchase the loan made by the state board
 14 of finance under IC 4-10-18-10(i). The loan shall be purchased by the
 15 board at a purchase price equal to the total of:

- 16 (1) the principal amount of the loan;
- 17 (2) the deferred interest payable on the loan; and
- 18 (3) accrued interest to the date of purchase by the board.

19 Members of the board and any officers or employees of the board are
 20 not subject to personal liability or accountability by reason of the
 21 purchase of the loan under this subsection.

22 SECTION 4. IC 6-5.5-2-1 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. (a) There is imposed
 24 on each taxpayer a franchise tax measured by the taxpayer's
 25 apportioned income for the privilege of exercising its franchise or the
 26 corporate privilege of transacting the business of a financial institution
 27 in Indiana. The amount of the tax for a taxable year shall be determined
 28 by multiplying ~~eight and one-half percent (8.5%)~~ **the applicable rate**
 29 **under subsection (b)** times the remainder of:

- 30 (1) the taxpayer's apportioned income; minus
- 31 (2) the taxpayer's deductible Indiana net operating losses as
 32 determined under this section; minus
- 33 (3) the taxpayer's net capital losses minus the taxpayer's net
 34 capital gains computed under the Internal Revenue Code for each
 35 taxable year or part of a taxable year beginning after December
 36 31, 1989, multiplied by the apportionment percentage applicable
 37 to the taxpayer under ~~IC 6-5.5-2~~ **this chapter** for the taxable year
 38 of the loss.

39 A net capital loss for a taxable year is a net capital loss carryover to
 40 each of the five (5) taxable years that follow the taxable year in which
 41 the loss occurred.

42 (b) **The following are the applicable tax rates to be used under**



C
o
p
y

- 1 subsection (a):
- 2 (1) For taxable years beginning before January 1, 2014, eight
- 3 and five-tenths percent (8.5%).
- 4 (2) For taxable years beginning after December 31, 2013, and
- 5 before January 1, 2015, eight percent (8.0%).
- 6 (3) For taxable years beginning after December 31, 2014, and
- 7 before January 1, 2016, seven and five-tenths percent (7.5%).
- 8 (4) For taxable years beginning after December 31, 2015, and
- 9 before January 1, 2017, seven percent (7.0%).
- 10 (5) For taxable years beginning after December 31, 2016, six
- 11 and five-tenths percent (6.5%).
- 12 ~~(b)~~ (c) The amount of net operating losses deductible under
- 13 subsection (a) is an amount equal to the net operating losses computed
- 14 under the Internal Revenue Code, adjusted for the items set forth in
- 15 IC 6-5.5-1-2, that are:
- 16 (1) incurred in each taxable year, or part of a year, beginning after
- 17 December 31, 1989; and
- 18 (2) attributable to Indiana.
- 19 ~~(c)~~ (d) The following apply to determining the amount of net
- 20 operating losses that may be deducted under subsection (a):
- 21 (1) The amount of net operating losses that is attributable to
- 22 Indiana is the taxpayer's total net operating losses under the
- 23 Internal Revenue Code for the taxable year of the loss, adjusted
- 24 for the items set forth in IC 6-5.5-1-2, multiplied by the
- 25 apportionment percentage applicable to the taxpayer under
- 26 ~~IC 6-5.5-2~~ **this chapter** for the taxable year of the loss.
- 27 (2) A net operating loss for any taxable year is a net operating loss
- 28 carryover to each of the fifteen (15) taxable years that follow the
- 29 taxable year in which the loss occurred.
- 30 ~~(d)~~ (e) The following provisions apply to a combined return
- 31 computing the tax on the basis of the income of the unitary group when
- 32 the return is filed for more than one (1) taxpayer member of the unitary
- 33 group for any taxable year:
- 34 (1) Any net capital loss or net operating loss attributable to
- 35 Indiana in the combined return shall be prorated between each
- 36 taxpayer member of the unitary group by the quotient of:
- 37 (A) the receipts of that taxpayer member attributable to
- 38 Indiana under section 4 of this chapter; divided by
- 39 (B) the receipts of all taxpayer members of the unitary group
- 40 attributable to Indiana.
- 41 (2) The net capital loss or net operating loss for that year, if any,
- 42 to be carried forward to any subsequent year shall be limited to

C
O
P
Y



1 the capital gains or apportioned income for the subsequent year
2 of that taxpayer, determined by the same receipts formula set out
3 in subdivision (1).

C
o
p
y



COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1018, 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:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-13-4-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 15. "Insurance fund" refers to the public deposits insurance **trust** fund created by IC 5-13-12.

SECTION 2. IC 5-13-12-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. (a) There is created an independent body politic and corporate, constituting an instrumentality of the state for the public purposes set out in this chapter, to be known as the board for depositories. The board is separate from the state in its corporate and sovereign capacity. The purpose of the board is to insure the safekeeping and prompt payment of all public funds deposited in any depository, to the extent they are not covered by insurance of any federal deposit insurance agency, by maintaining and operating in its own name the public deposit insurance **trust** fund under this chapter. **The public deposit insurance trust fund is not part of the state treasury and is considered a trust fund for purposes of IC 4-9.1-1-7. Money may not be transferred, assigned, or otherwise removed from the trust fund established under this section by the state board of finance, the budget agency, or any other state agency. The treasurer of state shall act as the trustee of the trust fund.**

(b) Every depository that has public funds shall pay into the public deposit insurance fund the assessments provided in this chapter and comply with all lawful requirements of the board for depositories. The public deposit insurance fund shall be maintained by the assessments payable by the depositories and by the collection of all claims created under IC 5-13-13 and by the receipt of all interest and other earnings of the insurance fund from any source.

(c) All property in the public deposit insurance fund, the interest or income derived from it or through its use, and all property otherwise held by the board for depositories under this chapter is exempt from all

C
O
P
Y



taxes imposed by the state or any political subdivision.

SECTION 3. IC 5-13-12-7, AS AMENDED BY P.L.115-2010, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7. (a) The ~~board for depositories trustee~~ shall manage and operate the insurance fund. All expenses incident to the administration of the fund shall be paid out of the money accumulated in it subject to the direction of the ~~board for depositories trustee~~. **Money in the fund may not be expended, removed, or transferred from the fund for any purpose other than the following unless expenditure, removal, or transfer is approved by a vote of two-thirds (2/3) of the members elected to each house of the general assembly:**

- (1) Paying expenses of administering the fund.**
- (2) Investing, reinvesting, and exchanging investments as described in subsection (d).**
- (3) Paying claims on insured public deposits under IC 5-13-13.**
- (4) Making payments required by contracts executed under section 3(a)(6) of this chapter.**
- (5) Making deposits of uninvested funds under section 3(a)(8) of this chapter.**
- (6) Paying allowable expenses as provided in section 4 of this chapter.**
- (7) Providing the auditor of state with a check for the pension distribution fund as required by section 4(d) of this chapter.**

(b) Effective January 1 and July 1 in each year, the board shall before those dates redetermine the amount of the reserve to be maintained by the insurance fund. The establishment or any change in the reserve for losses shall be determined by the board based on information the board considers, including but not limited to capital adequacy, liquidity, and asset quality, and a study to be made or updated by actuaries, economists, or other consultants based on the history of losses, earnings on the funds, conditions of the depositories, economic conditions affecting particular depositories or depositories in general, and any other factors that the board considers relevant in making its determination. The reserve determined by the board must be sufficient to ensure the safekeeping and prompt payment of public funds to the extent they are not covered by insurance of any federal deposit insurance agency.

(c) At the end of each biennial period during which depositories have had public funds on deposit under this chapter and paid the assessments levied by the board, the board shall compute its receipts from assessments and all other sources and its expenses and losses and

C
O
P
Y



determine the profit derived from the operation of the fund for the period. Until the amount of the reserve for losses has been accumulated, all assessments levied for a biennial period shall be retained by the fund. The amount of the assessments, if any, levied by the board shall, to the extent the fund exceeds the reserve for losses at the end of a biennial period commencing July 1 of each odd-numbered year, be distributed to the depositories that had public funds on deposit during the biennial period in which the assessments were paid. The distribution shall be made to the respective depositories in the proportion that the total assessments paid by each depository during that period bears to the total assessments then paid by all depositories. A distribution to which any closed depository would otherwise be entitled shall be set off against any claim that the insurance fund may have against the closed depository.

(d) The ~~board~~ **trustee** may invest, reinvest, and exchange investments of the insurance fund in excess of the cash working balance in any of the following:

- (1) In bonds, notes, certificates, and other valid obligations of the United States, either directly or, subject to the limitations in subsection (e), in the form of securities of or other interests in an open-end no-load management-type investment company or investment trust registered under the provisions of the Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.).
- (2) In bonds, notes, debentures, and other securities issued by a federal agency or a federal instrumentality and fully guaranteed by the United States either directly or, subject to the limitations in subsection (e), in the form of securities of or other interests in an open-end no-load management-type investment company or investment trust registered under the provisions of the Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.).
- (3) In bonds, notes, certificates, and other valid obligations of a state or of an Indiana political subdivision that are issued under law, the issuers of which, for five (5) years before the date of the investment, have promptly paid the principal and interest on their bonds and other legal obligations.
- (4) In bonds or other obligations of the Indiana finance authority issued under IC 4-13.5.
- (5) In investments permitted the state under IC 5-13-10.5.
- (6) In guarantees of industrial development obligations or credit enhancement obligations, or both, for the purposes of retaining and increasing employment in enterprises in Indiana, subject to the limitations and conditions set out in this subdivision,

C
O
P
Y



subsection (e), and section 8 of this chapter. An individual guarantee of the board under this subdivision must not exceed eight million dollars (\$8,000,000).

(7) In guarantees of bonds or notes issued under IC 5-1.5-4-1, subject to the limitations and conditions set out in subsection (e) and section 8 of this chapter.

(8) In bonds, notes, or other valid obligations of the Indiana finance authority that have been issued in conjunction with the authority's acquisition, development, or improvement of property or other interests for an industrial development project (as defined in IC 4-4-10.9-11) that the authority has undertaken for the purposes of retaining or increasing employment in existing or new enterprises in Indiana, subject to the limitations in subsection (e).

(9) In notes or other debt obligations of counties, cities, and towns that have been issued under IC 6-1.1-39 for borrowings from the industrial development fund under IC 5-28-9 for purposes of retaining or increasing employment in existing or new enterprises in Indiana, subject to the limitations in subsection (e).

(10) In bonds or other obligations of the Indiana housing and community development authority.

(e) The investment authority of the ~~board~~ trustee under subsection (d) is subject to the following limitations:

(1) For investments under subsection (d)(1) and (d)(2), the portfolio of an open-end no-load management-type investment company or investment trust must be limited to:

(A) direct obligations of the United States and obligations of a federal agency or a federal instrumentality that are fully guaranteed by the United States; and

(B) repurchase agreements fully collateralized by obligations described in clause (A), of which the company or trust takes delivery either directly or through an authorized custodian.

(2) Total outstanding investments in guarantees of industrial development obligations and credit enhancement obligations under subsection (d)(6) must not exceed the greater of:

(A) ten percent (10%) of the available balance of the insurance fund; or

(B) fourteen million dollars (\$14,000,000).

(3) Total outstanding investments in guarantees of bond bank obligations under subsection (d)(7) must not exceed the greater of:

(A) twenty percent (20%) of the available balance of the insurance fund; or

C
O
P
Y



(B) twenty-four million dollars (\$24,000,000).

(4) Total outstanding investments in bonds, notes, or other obligations of the Indiana finance authority under subsection (d)(8) may not exceed the greater of:

(A) fifteen percent (15%) of the available balance of the insurance fund; or

(B) twenty million dollars (\$20,000,000).

However, after June 30, 1988, the board may not make any additional investment in bonds, notes, or other obligations of the Indiana finance authority issued under IC 4-4-11, and the board may invest an amount equal to the remainder, if any, of:

(i) fifteen percent (15%) of the available balance of the insurance fund; minus

(ii) the board's total outstanding investments in bonds, notes, or other obligations of the Indiana finance authority issued under IC 4-4-11;

in guarantees of industrial development obligations or credit enhancement obligations, or both, as authorized by subsection (d)(6). In such a case, the outstanding investments, as authorized by subsection (d)(6) and (d)(8), may not exceed in total the greater of twenty-five percent (25%) of the available balance of the insurance fund or thirty-four million dollars (\$34,000,000).

(5) Total outstanding investments in notes or other debt obligations of counties, cities, and towns under subsection (d)(9) may not exceed the greater of:

(A) ten percent (10%) of the available balance of the insurance fund; or

(B) twelve million dollars (\$12,000,000).

(f) For purposes of subsection (e), the available balance of the insurance fund does not include the outstanding principal amount of any fund investment in a corporate note or obligation or the part of the fund that has been established as a reserve for losses.

(g) Except as provided in section 4 of this chapter, all interest and other income earned on investments of the insurance fund and all amounts collected by the board accrue to the fund.

(h) **The trustee**, members of the board, and any officers or employees of the board are not subject to personal liability or accountability by reason of any investment in any of the obligations listed in subsection (d).

(i) The board shall, when directed by the state board of finance constituted by IC 4-9.1-1-1, purchase the loan made by the state board of finance under IC 4-10-18-10(i). The loan shall be purchased by the

C
O
P
Y



board at a purchase price equal to the total of:

- (1) the principal amount of the loan;
- (2) the deferred interest payable on the loan; and
- (3) accrued interest to the date of purchase by the board.

Members of the board and any officers or employees of the board are not subject to personal liability or accountability by reason of the purchase of the loan under this subsection."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1018 as introduced.)

BROWN T, Chair

Committee Vote: yeas 18, nays 0.

C
o
p
y

