

Adopted	Rejected
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COMMITTEE REPORT

YES:	18
NO:	0

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:*

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning state
- 3 and local administration.
- 4 Page 1, between the enacting clause and line 1, begin a new
- 5 paragraph and insert:
- 6 "SECTION 1. IC 5-13-4-15 IS AMENDED TO READ AS
- 7 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 15. "Insurance fund"
- 8 refers to the public deposits insurance **trust** fund created by
- 9 IC 5-13-12.
- 10 SECTION 2. IC 5-13-12-1 IS AMENDED TO READ AS
- 11 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. (a) There is created
- 12 an independent body politic and corporate, constituting an
- 13 instrumentality of the state for the public purposes set out in this
- 14 chapter, to be known as the board for depositories. The board is

1 separate from the state in its corporate and sovereign capacity. The
 2 purpose of the board is to insure the safekeeping and prompt payment
 3 of all public funds deposited in any depository, to the extent they are
 4 not covered by insurance of any federal deposit insurance agency, by
 5 maintaining and operating in its own name the public deposit insurance
 6 **trust fund** under this chapter. **The public deposit insurance trust**
 7 **fund is not part of the state treasury and is considered a trust fund**
 8 **for purposes of IC 4-9.1-1-7. Money may not be transferred,**
 9 **assigned, or otherwise removed from the trust fund established**
 10 **under this section by the state board of finance, the budget agency,**
 11 **or any other state agency. The treasurer of state shall act as the**
 12 **trustee of the trust fund.**

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

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

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

- 35 (1) **Paying expenses of administering the fund.**
 36 (2) **Investing, reinvesting, and exchanging investments as**
 37 **described in subsection (d).**
 38 (3) **Paying claims on insured public deposits under IC 5-13-13.**

1 **(4) Making payments required by contracts executed under**
2 **section 3(a)(6) of this chapter.**

3 **(5) Making deposits of uninvested funds under section 3(a)(8)**
4 **of this chapter.**

5 **(6) Paying allowable expenses as provided in section 4 of this**
6 **chapter.**

7 **(7) Providing the auditor of state with a check for the pension**
8 **distribution fund as required by section 4(d) of this chapter.**

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

23 (c) At the end of each biennial period during which depositories
24 have had public funds on deposit under this chapter and paid the
25 assessments levied by the board, the board shall compute its receipts
26 from assessments and all other sources and its expenses and losses and
27 determine the profit derived from the operation of the fund for the
28 period. Until the amount of the reserve for losses has been
29 accumulated, all assessments levied for a biennial period shall be
30 retained by the fund. The amount of the assessments, if any, levied by
31 the board shall, to the extent the fund exceeds the reserve for losses at
32 the end of a biennial period commencing July 1 of each odd-numbered
33 year, be distributed to the depositories that had public funds on deposit
34 during the biennial period in which the assessments were paid. The
35 distribution shall be made to the respective depositories in the
36 proportion that the total assessments paid by each depository during
37 that period bears to the total assessments then paid by all depositories.
38 A distribution to which any closed depository would otherwise be

1 entitled shall be set off against any claim that the insurance fund may
2 have against the closed depository.

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

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

12 (2) In bonds, notes, debentures, and other securities issued by a
13 federal agency or a federal instrumentality and fully guaranteed
14 by the United States either directly or, subject to the limitations
15 in subsection (e), in the form of securities of or other interests in
16 an open-end no-load management-type investment company or
17 investment trust registered under the provisions of the Investment
18 Company Act of 1940, as amended (15 U.S.C. 80a et seq.).

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

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

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

27 (6) In guarantees of industrial development obligations or credit
28 enhancement obligations, or both, for the purposes of retaining
29 and increasing employment in enterprises in Indiana, subject to
30 the limitations and conditions set out in this subdivision,
31 subsection (e), and section 8 of this chapter. An individual
32 guarantee of the board under this subdivision must not exceed
33 eight million dollars (\$8,000,000).

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

37 (8) In bonds, notes, or other valid obligations of the Indiana
38 finance authority that have been issued in conjunction with the

1 authority's acquisition, development, or improvement of property
 2 or other interests for an industrial development project (as defined
 3 in IC 4-4-10.9-11) that the authority has undertaken for the
 4 purposes of retaining or increasing employment in existing or new
 5 enterprises in Indiana, subject to the limitations in subsection (e).
 6 (9) In notes or other debt obligations of counties, cities, and towns
 7 that have been issued under IC 6-1.1-39 for borrowings from the
 8 industrial development fund under IC 5-28-9 for purposes of
 9 retaining or increasing employment in existing or new enterprises
 10 in Indiana, subject to the limitations in subsection (e).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 board at a purchase price equal to the total of:
2 (1) the principal amount of the loan;
3 (2) the deferred interest payable on the loan; and
4 (3) accrued interest to the date of purchase by the board.
5 Members of the board and any officers or employees of the board are
6 not subject to personal liability or accountability by reason of the
7 purchase of the loan under this subsection."
8 Renumber all SECTIONS consecutively.
(Reference is to HB 1018 as introduced.)

and when so amended that said bill do pass.

Representative Brown T