

Regular Session, 2011

HOUSE BILL NO. 532

BY REPRESENTATIVE FOIL

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FUNDS/INVESTMENTS: Provides relative to authorized investments of certain public funds

1 AN ACT

2 To amend and reenact R.S. 49:327(C)(1)(b) and to enact R.S. 49:327(B)(1)(h), relative to
3 the investment of certain funds; to authorize investment in certain bonds; to provide
4 for the investment of funds under the control of institutions of higher education; and
5 to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 49:327(C)(1)(b) is hereby amended and reenacted and R.S.
8 49:327(B)(1)(h) is hereby enacted to read as follows:

9 §327. Authorized investments; maturity; interest rates

10 * * *

11 B. Funds on deposit in state treasury.

12 (1) The state treasurer is hereby authorized and directed to invest monies on
13 deposit in the state treasury belonging to the general fund of the state, funds in the
14 state treasury to the credit of state agencies, departments, boards, and commissions,
15 and any other funds under the control of the state treasurer which he, in his
16 discretion, may determine to be available for investment in the following:

17 * * *

18 (h) Tax exempt bonds and other taxable governmental bonds issued by any
19 state or a political subdivision or public corporation of any state, provided that such
20 bonds are rated by a nationally recognized rating agency as investment grade.

1 * * *

2 C. Funds not on deposit in state treasury. (1)

3 * * *

4 (b) Notwithstanding the provisions of Subparagraph (a) of this Paragraph,
5 institutions of higher education may invest monies under their control and not on
6 deposit in the state treasury in any or all of the instruments set forth in Subsection
7 B(1) of this Section in accordance with a written investment policy adopted by the
8 management board of the investing institution of higher education, ~~which investment~~
9 ~~policy has been approved by an investment advisory committee composed of the~~
10 ~~state treasurer, the legislative auditor, and the commissioner of administration. The~~
11 investment policy shall define the allocation of funds among instruments and the
12 term of maturity of the instruments. Income from such investments shall not be
13 credited to the state general fund.

14 * * *

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Foil HB No. 532

Abstract: To provide for the investment of state funds in certain bonds and to allow the management boards of institutions of higher education to determine the type of investments and term of maturity of the boards' investments.

Present law specifies those investments which are authorized for monies on deposit in the state.

Proposed law adds to the list of authorized investments, tax exempt bonds and other taxable governmental bonds issued by any state or a political subdivision or public corporation of any state, provided that such bonds are rated by a nationally recognized rating agency as investment grade.

Present law provides that institutions of higher education may invest monies under their control and not on deposit in the state treasury in any or all of the authorized investment instruments set forth in present law in accordance with a written investment policy adopted by the management board of the investing institution of higher education, which investment policy has been approved by an investment advisory committee composed of the state treasurer, the legislative auditor, and the commissioner of administration.

Proposed law removes the approval of the investment policy by an investment advisory committee composed of the state treasurer, the legislative auditor, and the commissioner of administration.

Proposed law provides that the investment policy will define the allocation of funds among instruments and the term of maturity of the instruments.

(Amends R.S. 49:327(C)(1)(b); Adds R.S. 49:327(B)(1)(h))