

SENATE BILL No. 195

DIGEST OF INTRODUCED BILL

Citations Affected: IC 8-14-16-4; IC 36-1-8-18.5.

Synopsis: Investments by local government. Provides that upon approval by the fiscal body, money in a local major moves construction fund may be invested in fixed income assets that have a credit rating of at least AA if certain requirements are met. Provides that if authorized by the fiscal body of a political subdivision and if that fiscal body makes a determination that money received from the sale of facilities or other real property represents a substantial amount of public funds, that money may be invested in fixed income assets that have a credit rating of at least AA if certain requirements are met.

Effective: July 1, 2015.

Yoder

January 6, 2015, read first time and referred to Committee on Tax & Fiscal Policy.



First Regular Session 119th General Assembly (2015)

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 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

SENATE BILL No. 195

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 8-14-16-4, AS ADDED BY P.L.47-2006,
2 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2015]: Sec. 4. (a) Each county, city, or town that receives a
4 distribution under section 3 of this chapter shall establish a local major
5 moves construction fund.
6 (b) The fund consists of money distributed to the county, city, or
7 town from the major moves construction fund under section 3 of this
8 chapter.
9 (c) The fiscal officer of the county, city, or town shall administer the
10 fund.
11 (d) Subject to subsection (f), the fiscal body of the county, city, or
12 town may appropriate money in the fund for a purpose described in
13 section 5 of this chapter. The appropriations of money in the fund must
14 be included as a part of the annual budget for the calendar year in
15 accordance with IC 6-1.1-17.
16 (e) Money remaining in the fund at the end of a particular calendar



1 year remains in the fund and does not revert to any other fund.

2 (f) A county fiscal body must consult with the county executive
3 before making an appropriation under this section.

4 **(g) In addition to any deposits or investments that may be made**
5 **with money in the fund in accordance with IC 5-13 or any other**
6 **applicable law and if approved by the fiscal body of the county,**
7 **city, or town, money in the fund may also be invested in other fixed**
8 **income assets as provided in this subsection. The following apply**
9 **if money in the fund is invested in other fixed income assets under**
10 **this subsection:**

11 (1) The money may be invested only in fixed income assets
12 that have a credit rating equal to or greater than AA or its
13 equivalent, as determined by at least two (2) nationally
14 recognized credit rating agencies.

15 (2) Money in the fund must be invested with the care, skill,
16 prudence, and diligence that a prudent person acting in a like
17 capacity and familiar with such matters would use in the
18 conduct of an enterprise of a like character with like aims.

19 (3) The investments of money in the fund must be diversified
20 and of a credit quality that is in accordance with prudent
21 investment standards.

22 (4) The fiscal body of the county, city, or town must establish
23 an asset allocation plan for the fund that is consistent with the
24 liquidity needs of the fund and with the corresponding
25 liabilities that the assets in the fund support.

26 (5) Any contracts or agreements with investment management
27 professionals, investment advisors, legal counsel, or
28 custodians concerning investment of money in the fund must
29 also be approved by the fiscal body of the county, city, or
30 town.

31 (6) In addition to any other required reporting, the fiscal
32 officer of the county, city, or town shall report before April 1
33 of each year to the fiscal body and the local board of finance
34 under IC 5-13-7 for the county, city, or town regarding the
35 investment of money in the fund during the preceding
36 calendar year.

37 (h) Money in the fund may not be invested in any real estate,
38 equities, commodities, repurchase agreements that create explicit
39 leverage in the portfolio, swaps, derivatives, fixed income assets
40 with a credit rating of lower than AA or its equivalent, or bonds
41 with a maturity of more than five (5) years.

42 SECTION 2. IC 36-1-8-18.5 IS ADDED TO THE INDIANA CODE



1 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
2 1, 2015]: **Sec. 18.5. (a)** This section applies to money received by a
3 political subdivision from the sale of facilities or other real
4 property, if the fiscal body of the political subdivision makes a
5 determination that the money received represents a substantial
6 amount of public funds that should be invested under this section.

7 (b) In addition to any deposits or investments that may be made
8 with the money in accordance with IC 5-13 or any other applicable
9 law and if the fiscal body of the political subdivision makes a
10 determination under subsection (a), the money may also be
11 invested in other fixed income assets as provided in this subsection.
12 The following apply if money is invested in other fixed income
13 assets under this subsection:

14 (1) The money may be invested only in fixed income assets
15 that have a credit rating equal to or greater than AA or its
16 equivalent, as determined by at least two (2) nationally
17 recognized credit rating agencies.

18 (2) The money must be invested with the care, skill, prudence,
19 and diligence that a prudent person acting in a like capacity
20 and familiar with such matters would use in the conduct of an
21 enterprise of a like character with like aims.

22 (3) The investments of the money must be diversified and of
23 a credit quality that is in accordance with prudent investment
24 standards.

25 (4) The fiscal body of the political subdivision must establish
26 an asset allocation plan for the money that is consistent with
27 the liquidity needs and liabilities of the political subdivision.

28 (5) Any contracts or agreements with investment management
29 professionals, investment advisors, legal counsel, or
30 custodians concerning investment of the money must also be
31 approved by the fiscal body of the political subdivision.

32 (6) In addition to any other required reporting, the fiscal
33 officer of the political subdivision shall report before April 1
34 of each year to the fiscal body and the local board of finance
35 under IC 5-13-7 for the political subdivision regarding the
36 investment of the money under this subsection during the
37 preceding calendar year.

38 (c) The money may not be invested under this section in any real
39 estate, equities, commodities, repurchase agreements that create
40 explicit leverage in the portfolio, swaps, derivatives, fixed income
41 assets with a credit rating of lower than AA or its equivalent, or
42 bonds with a maturity of more than five (5) years.

