

By: Representatives Zuber, Snowden, Smith

To: Ways and Means

HOUSE BILL NO. 747

1 AN ACT TO AMEND SECTION 27-105-33, MISSISSIPPI CODE OF 1972,
2 TO AUTHORIZE A PORTION OF EXCESS GENERAL AND SPECIAL FUNDS OF THE
3 STATE TO BE INVESTED IN BONDS ISSUED, ASSUMED OR GUARANTEED BY THE
4 STATE OF ISRAEL; AND FOR RELATED PURPOSES.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

6 **SECTION 1.** Section 27-105-33, Mississippi Code of 1972, is
7 amended as follows:

8 27-105-33. It shall be the duty of the State Treasurer and
9 the Executive Director of the Department of Finance and
10 Administration on or about the tenth day of each month, and in
11 their discretion at any other time, to analyze carefully the
12 amount of cash in the General Fund of the state and in all special
13 funds credited to any special purpose designated by the State
14 Legislature or held to meet the budgets or appropriations for
15 maintenance, improvements and services of the several
16 institutions, boards, departments, commissions, agencies, persons
17 or entities of the state, and to determine in their opinion when
18 the cash in such funds is in excess of the amount required to meet
19 the current needs and demands of no more than seven (7) business



20 days on such funds and report their findings to the Governor. It
21 shall be the duty of the State Treasurer to provide a cash flow
22 model for forecasting revenues and expenditures on a bimonthly
23 basis and providing technical assistance for its operation. The
24 Department of Finance and Administration shall use the cash flow
25 model furnished by the State Treasurer, in analyzing the amount of
26 funds on deposit and available for investment.

27 The State Treasurer is hereby authorized, empowered and
28 directed to invest all such excess general and special funds of
29 the state in the following manner:

30 (a) Funds shall be allocated equally among all
31 qualified state depositories which do not have demand accounts in
32 excess of One Hundred Fifty Thousand Dollars (\$150,000.00) until
33 each qualified depository willing to accept the same shall have on
34 deposit or in security repurchase agreements or in other
35 securities authorized in paragraph (d) of this section at interest
36 the sum of Three Hundred Thousand Dollars (\$300,000.00). For the
37 purposes of this subsection, no branch bank or branch office shall
38 be counted as a separate depository.

39 (b) The balance, if any, of such excess general and
40 special funds shall be offered to qualified depositories of the
41 state on a pro rata basis as provided in Section 27-105-9. For
42 the purposes of this subsection, the pro rata share of each
43 depository shall be reduced by the amount of the average daily
44 collected earning balance of demand deposits maintained by the



45 State Treasurer pursuant to Section 27-105-9 during the preceding
46 calendar year, and such reduction shall be allocated pro rata
47 among other eligible depositories.

48 (c) Funds offered pursuant to paragraphs (a) and (b)
49 above shall be invested for periods of up to one (1) year, and
50 shall bear interest at an interest rate no less than that
51 numerically equal to the bond equivalent yield on direct
52 obligations of the United States Treasury of comparable maturity,
53 as determined by the State Treasurer. In determining such rate,
54 the State Treasurer shall consider the Legislature's desire to
55 distribute funds equitably throughout the state to the maximum
56 extent possible.

57 (d) To the extent that the State Treasurer shall find
58 that general and special funds cannot be invested pursuant to
59 paragraphs (a), (b) and (c) of this section for the stated
60 maturity up to one (1) year, the Treasurer may invest such funds,
61 together with any other funds required for current operation, as
62 determined pursuant to this section, in the following:

63 (i) Time certificates of deposit or
64 interest-bearing accounts with qualified state depositories. For
65 those funds determined under prudent judgment of the State
66 Treasurer to be made available for investment in time certificates
67 of deposit, the rate of interest paid by the depositories shall be
68 determined by rules and regulations adopted and promulgated by the
69 State Treasurer which may include competitive bids. At the time



70 of investment, the interest rate on such certificates of deposit
71 under the provisions of this subparagraph shall be a rate not less
72 than the bond equivalent yield on direct obligations of the United
73 States Treasury with a similar length of maturity.

74 (ii) Direct United States Treasury obligations,
75 the principal and interest of which are fully guaranteed by the
76 government of the United States.

77 (iii) United States government agency, United
78 States government instrumentality or United States government
79 sponsored enterprise obligations, the principal and interest of
80 which are fully guaranteed by the government of the United States,
81 such as the Government National Mortgage Association; or United
82 States governmental agency, United States government
83 instrumentality or United States government sponsored enterprise
84 obligations, the principal and interest of which are guaranteed by
85 any United States government agency, United States government
86 instrumentality or United States government sponsored enterprise
87 contained in a list promulgated by the State Treasurer.

88 (iv) Direct security repurchase agreements and
89 reverse direct security repurchase agreements of any federal book
90 entry of only those securities enumerated in subparagraphs (ii)
91 and (iii) above. "Direct security repurchase agreement" means an
92 agreement under which the state buys, holds for a specified time,
93 and then sells back those securities and obligations enumerated in
94 subparagraphs (ii) and (iii) above. "Reverse direct securities



95 repurchase agreement" means an agreement under which the state
96 sells and after a specified time buys back any of the securities
97 and obligations enumerated in subparagraphs (ii) and (iii) above.
98 At least eighty percent (80%) of the total dollar amount in all
99 repurchase agreements at any one time shall be pursuant to
100 contracts with qualified state depositories.

101 (v) Bonds issued, assumed or guaranteed by the
102 State of Israel.

103 (e) For the purposes of this section, direct
104 obligations issued by the United States of America shall be deemed
105 to include securities of, or other interests in, any open-end or
106 closed-end management type investment company or investment trust
107 registered under the provisions of 15 USCS Section 80(a)-1 et
108 seq., provided that the portfolio of such investment company or
109 investment trust is limited to direct obligations issued by the
110 United States of America, United States government agencies,
111 United States government instrumentalities or United States
112 government sponsored enterprises, and to repurchase agreements
113 fully collateralized by direct obligations of the United States of
114 America, United States government agencies, United States
115 government instrumentalities or United States government sponsored
116 enterprises, and the investment company or investment trust takes
117 delivery of such collateral for the repurchase agreement, either
118 directly or through an authorized custodian. The State Treasurer
119 and the Executive Director of the Department of Finance and



120 Administration shall review and approve the investment companies
121 and investment trusts in which funds invested under paragraph (d)
122 of this section may be invested. The total dollar amount of funds
123 invested in all open-end and closed-end management type investment
124 companies and investment trusts at any one time shall not exceed
125 twenty percent (20%) of the total dollar amount of funds invested
126 under paragraph (d) of this section.

127 (f) Investments authorized by subparagraphs (ii) and
128 (iii) of paragraph (d) shall mature on such date or dates as
129 determined by the State Treasurer in the exercise of prudent
130 judgment to generate a favorable return to the state and will
131 allow the monies to be available for use at such time as the
132 monies will be needed for state purposes. However, the maturity
133 of securities purchased as enumerated in subparagraphs (ii) and
134 (iii) shall not exceed ten (10) years from date of purchase.
135 Special funds shall be considered those funds created
136 constitutionally, statutorily or administratively which are not
137 considered general funds. All funds invested for a period of
138 thirty (30) days or longer under paragraph (d) shall bear a rate
139 at least equal to the current established rate under paragraph (c)
140 of this section.

141 (g) Any interest-bearing deposits or certificates of
142 deposit shall not exceed at any time the amount insured by the
143 Federal Deposit Insurance Corporation in any one (1) banking
144 institution, the Federal Savings and Loan Insurance Corporation in



145 any one (1) savings and loan association, or other deposit
146 insurance corporation approved by the State Treasurer, unless the
147 uninsured portion is collateralized by the pledge of securities in
148 the manner provided by Section 27-105-5.

149 (h) Unless otherwise provided, income from investments
150 authorized by the provisions of this subsection shall be credited
151 to the State General Fund.

152 (i) Not more than Five Hundred Thousand Dollars
153 (\$500,000.00) of funds may be invested with foreign financial
154 institutions, and the State Treasurer may enter into price
155 contracts for the purchase or exchange of foreign currency or
156 other arrangements for currency exchange in an amount not to
157 exceed Five Hundred Thousand Dollars (\$500,000.00) upon specific
158 direction of the Department of Economic and Community Development.
159 The State Treasurer shall promulgate all rules and regulations for
160 applications, qualifications and any other necessary matters for
161 foreign financial institutions.

162 Any liquidating agent of a depository in liquidation,
163 voluntary or involuntary, shall redeem from the state any bonds
164 and securities which have been pledged to secure state funds and
165 such redemption shall be at the par value or market value thereof,
166 whichever is greater; otherwise, the liquidating agent or receiver
167 may pay off the state in full for its deposits and retrieve the
168 pledged securities without regard to par or market value.



169 The State Treasurer and the Executive Director of the
170 Department of Finance and Administration shall make monthly
171 reports to the Legislative Budget Office containing a full and
172 complete statement of all funds invested by virtue of the
173 provisions of this section and the revenues derived therefrom and
174 the expenses incurred therewith, together with all such other
175 information as may seem to each of them as being pertinent to
176 inform fully the Mississippi Legislature with reference thereto.

177 The State Treasurer shall not deposit any funds on demand
178 deposit with any authorized depository, unless such depository has
179 contracted for interest-bearing accounts or time certificates of
180 deposit.

181 Notwithstanding the foregoing, any financial institution not
182 meeting the prescribed ratio requirement set forth in Section
183 27-105-5 whose accounts are insured by the Federal Deposit
184 Insurance Corporation, or any successor to that insurance
185 corporation, may receive state funds in an amount not exceeding
186 the amount which is insured by such insurance corporations and may
187 qualify as a state depository to the extent of such insurance for
188 this purpose only. The paid-in and earned capital funds of such
189 financial institution shall not be included in the computations
190 specified in Section 27-105-9(a) and (b).

191 **SECTION 2.** This act shall take effect and be in force from
192 and after July 1, 2018.

