

By: Senator(s) Fillingane

To: Finance

SENATE BILL NO. 2051
(As Sent to Governor)

1 AN ACT TO AMEND SECTION 27-105-33, MISSISSIPPI CODE OF 1972,
2 TO INCLUDE BONDS ISSUED, ASSUMED OR GUARANTEED BY THE COUNTRY OF
3 ISRAEL IN THE INVESTMENT OPTIONS FOR EXCESS STATE FUNDS; AND FOR
4 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 Country of Israel, provided that:

103 1. Investments in such instruments shall be
104 denominated in United States currency;

105 2. Such bonds must be of investment grade as
106 rated by at least one (1) nationally recognized statistical rating
107 agency; and

108 3. The amount of funds invested in such bonds
109 at any time shall not exceed Twenty Million Dollars
110 (\$20,000,000.00).

111 (e) For the purposes of this section, direct
112 obligations issued by the United States of America shall be deemed
113 to include securities of, or other interests in, any open-end or
114 closed-end management type investment company or investment trust
115 registered under the provisions of 15 USCS Section 80(a)-1 et
116 seq., provided that the portfolio of such investment company or
117 investment trust is limited to direct obligations issued by the
118 United States of America, United States government agencies,
119 United States government instrumentalities or United States



120 government sponsored enterprises, and to repurchase agreements
121 fully collateralized by direct obligations of the United States of
122 America, United States government agencies, United States
123 government instrumentalities or United States government sponsored
124 enterprises, and the investment company or investment trust takes
125 delivery of such collateral for the repurchase agreement, either
126 directly or through an authorized custodian. The State Treasurer
127 and the Executive Director of the Department of Finance and
128 Administration shall review and approve the investment companies
129 and investment trusts in which funds invested under paragraph (d)
130 of this section may be invested. The total dollar amount of funds
131 invested in all open-end and closed-end management type investment
132 companies and investment trusts at any one time shall not exceed
133 twenty percent (20%) of the total dollar amount of funds invested
134 under paragraph (d) of this section.

135 (f) Investments authorized by subparagraphs (ii) and
136 (iii) of paragraph (d) shall mature on such date or dates as
137 determined by the State Treasurer in the exercise of prudent
138 judgment to generate a favorable return to the state and will
139 allow the monies to be available for use at such time as the
140 monies will be needed for state purposes. However, the maturity
141 of securities purchased as enumerated in subparagraphs (ii) and
142 (iii) shall not exceed ten (10) years from date of purchase.
143 Special funds shall be considered those funds created
144 constitutionally, statutorily or administratively which are not



145 considered general funds. All funds invested for a period of
146 thirty (30) days or longer under paragraph (d) shall bear a rate
147 at least equal to the current established rate under paragraph (c)
148 of this section.

149 (g) Any interest-bearing deposits or certificates of
150 deposit shall not exceed at any time the amount insured by the
151 Federal Deposit Insurance Corporation in any one (1) banking
152 institution, the Federal Savings and Loan Insurance Corporation in
153 any one (1) savings and loan association, or other deposit
154 insurance corporation approved by the State Treasurer, unless the
155 uninsured portion is collateralized by the pledge of securities in
156 the manner provided by Section 27-105-5.

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

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



170 Any liquidating agent of a depository in liquidation,
171 voluntary or involuntary, shall redeem from the state any bonds
172 and securities which have been pledged to secure state funds and
173 such redemption shall be at the par value or market value thereof,
174 whichever is greater; otherwise, the liquidating agent or receiver
175 may pay off the state in full for its deposits and retrieve the
176 pledged securities without regard to par or market value.

177 The State Treasurer and the Executive Director of the
178 Department of Finance and Administration shall make monthly
179 reports to the Legislative Budget Office containing a full and
180 complete statement of all funds invested by virtue of the
181 provisions of this section and the revenues derived therefrom and
182 the expenses incurred therewith, together with all such other
183 information as may seem to each of them as being pertinent to
184 inform fully the Mississippi Legislature with reference thereto.

185 The State Treasurer shall not deposit any funds on demand
186 deposit with any authorized depository, unless such depository has
187 contracted for interest-bearing accounts or time certificates of
188 deposit.

189 Notwithstanding the foregoing, any financial institution not
190 meeting the prescribed ratio requirement set forth in Section
191 27-105-5 whose accounts are insured by the Federal Deposit
192 Insurance Corporation, or any successor to that insurance
193 corporation, may receive state funds in an amount not exceeding
194 the amount which is insured by such insurance corporations and may



195 qualify as a state depository to the extent of such insurance for
196 this purpose only. The paid-in and earned capital funds of such
197 financial institution shall not be included in the computations
198 specified in Section 27-105-9(a) and (b).

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

