

By: Representative Yancey

To: Appropriations A

HOUSE BILL NO. 1212

1 AN ACT TO AMEND SECTION 27-105-33, MISSISSIPPI CODE OF 1972,
2 TO REMOVE THE LIMIT ON THE MAXIMUM AMOUNT OF EXCESS GENERAL AND
3 SPECIAL FUNDS OF THE STATE THAT MAY BE INVESTED IN BONDS ISSUED,
4 ASSUMED OR GUARANTEED BY THE COUNTRY OF ISRAEL; AND FOR RELATED
5 PURPOSES.

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

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

9 27-105-33. It shall be the duty of the State Treasurer and
10 the Executive Director of the Department of Finance and
11 Administration on or about the tenth day of each month, and in
12 their discretion at any other time, to analyze carefully the
13 amount of cash in the General Fund of the state and in all special
14 funds credited to any special purpose designated by the State
15 Legislature or held to meet the budgets or appropriations for
16 maintenance, improvements and services of the several
17 institutions, boards, departments, commissions, agencies, persons
18 or entities of the state, and to determine in their opinion when
19 the cash in such funds is in excess of the amount required to meet



20 the current needs and demands of no more than seven (7) business
21 days on such funds and report their findings to the Governor. It
22 shall be the duty of the State Treasurer to provide a cash flow
23 model for forecasting revenues and expenditures on a bimonthly
24 basis and providing technical assistance for its operation. The
25 Department of Finance and Administration shall use the cash flow
26 model furnished by the State Treasurer, in analyzing the amount of
27 funds on deposit and available for investment.

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

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

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



45 collected earning balance of demand deposits maintained by the
46 State Treasurer pursuant to Section 27-105-9 during the preceding
47 calendar year, and such reduction shall be allocated pro rata
48 among other eligible depositories.

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

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

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



70 State Treasurer which may include competitive bids. At the time
71 of investment, the interest rate on such certificates of deposit
72 under the provisions of this subparagraph shall be a rate not less
73 than the bond equivalent yield on direct obligations of the United
74 States Treasury with a similar length of maturity.

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

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

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



95 subparagraphs (ii) and (iii) above. "Reverse direct securities
96 repurchase agreement" means an agreement under which the state
97 sells and after a specified time buys back any of the securities
98 and obligations enumerated in subparagraphs (ii) and (iii) above.
99 A qualified state depository shall be given preference for such
100 agreements when possible.

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; and

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

108 (vi) Corporate bonds and taxable municipal bonds;
109 or corporate short-term obligations of corporations or of wholly
110 owned subsidiaries of corporations, whose short-term obligations
111 are rated A-1 or better by Standard and Poor's, rated P-1 or
112 better by Moody's Investment Service, F-1 or better by Fitch
113 Ratings, Ltd., or the equivalent of these ratings if assigned by
114 another United States Securities and Exchange Commission
115 designated Nationally Recognized Statistical Rating Organization.

116 (e) For the purposes of this section, direct
117 obligations issued by the United States of America shall be deemed
118 to include securities of, or other interests in, any open-end or
119 closed-end management type investment company or investment trust



120 registered under the provisions of 15 USCS Section 80(a)-1 et
121 seq., provided that the portfolio of such investment company or
122 investment trust is limited to direct obligations issued by the
123 United States of America, United States government agencies,
124 United States government instrumentalities or United States
125 government-sponsored enterprises, and to repurchase agreements
126 fully collateralized by direct obligations of the United States of
127 America, United States government agencies, United States
128 government instrumentalities or United States government-sponsored
129 enterprises, and the investment company or investment trust takes
130 delivery of such collateral for the repurchase agreement, either
131 directly or through an authorized custodian. The State Treasurer
132 and the Executive Director of the Department of Finance and
133 Administration shall review and approve the investment companies
134 and investment trusts in which funds invested under paragraph (d)
135 of this section may be invested. The total dollar amount of funds
136 invested in all open-end and closed-end management type investment
137 companies and investment trusts at any one time shall not exceed
138 twenty percent (20%) of the total dollar amount of funds invested
139 under paragraph (d) of this section.

140 (f) Investments authorized by subparagraphs (ii) and
141 (iii) of paragraph (d) shall mature on such date or dates as
142 determined by the State Treasurer in the exercise of prudent
143 judgment to generate a favorable return to the state and will
144 allow the monies to be available for use at such time as the



145 monies will be needed for state purposes. However, the maturity
146 of securities purchased as enumerated in subparagraphs (ii) and
147 (iii) shall not exceed ten (10) years from date of purchase.
148 Special funds shall be considered those funds created
149 constitutionally, statutorily or administratively which are not
150 considered general funds. All funds invested for a period of
151 thirty (30) days or longer under paragraph (d) shall bear a rate
152 at least equal to the current established rate under paragraph (c)
153 of this section.

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

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

165 (i) Not more than Five Hundred Thousand Dollars
166 (\$500,000.00) of funds may be invested with foreign financial
167 institutions, and the State Treasurer may enter into price
168 contracts for the purchase or exchange of foreign currency or
169 other arrangements for currency exchange in an amount not to



170 exceed Five Hundred Thousand Dollars (\$500,000.00) upon specific
171 direction of the * * * Mississippi Development Authority. The
172 State Treasurer shall promulgate all rules and regulations for
173 applications, qualifications and any other necessary matters for
174 foreign financial institutions.

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

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

190 The State Treasurer shall not deposit any funds on demand
191 deposit with any authorized depository, unless such depository has
192 contracted for interest-bearing accounts or time certificates of
193 deposit.



194 Notwithstanding the foregoing, any financial institution not
195 meeting the prescribed ratio requirement set forth in Section
196 27-105-5 whose accounts are insured by the Federal Deposit
197 Insurance Corporation, or any successor to that insurance
198 corporation, may receive state funds in an amount not exceeding
199 the amount which is insured by such insurance corporations and may
200 qualify as a state depository to the extent of such insurance for
201 this purpose only. The paid-in and earned capital funds of such
202 financial institution shall not be included in the computations
203 specified in Section 27-105-9(a) and (b).

204 **SECTION 2.** This act shall take effect and be in force from
205 and after July 1, 2024.

