

By: Senator(s) Fillingane

To: Finance

SENATE BILL NO. 2467

1 AN ACT TO AMEND SECTION 27-105-33, MISSISSIPPI CODE OF 1972,
 2 TO REMOVE THE PROVISION THAT REQUIRES THAT 80% OF THE EXCESS STATE
 3 GENERAL AND SPECIAL FUNDS THAT MAY BE INVESTED IN REPURCHASE
 4 AGREEMENT MUST BE PURSUANT TO CONTRACTS WITH QUALIFIED STATE
 5 DEPOSITORIES; TO AUTHORIZE A PORTION OF EXCESS GENERAL AND SPECIAL
 6 FUNDS OF THE STATE TO BE INVESTED IN BONDS ISSUED, ASSUMED OR
 7 GUARANTEED BY THE STATE OF ISRAEL; AND FOR RELATED PURPOSES.

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

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

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



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

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

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

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



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

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

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

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



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

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

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

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



96 and then sells back those securities and obligations enumerated in
97 subparagraphs (ii) and (iii) above. "Reverse direct securities
98 repurchase agreement" means an agreement under which the state
99 sells and after a specified time buys back any of the securities
100 and obligations enumerated in subparagraphs (ii) and (iii) above.

101 * * *

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

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



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

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

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



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

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

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

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



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

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

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

192 **SECTION 2.** This act shall take effect and be in force from
193 and after July 1, 2017.

