



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB3005

by Rep. Al Riley

SYNOPSIS AS INTRODUCED:

15 ILCS 520/22.5

from Ch. 130, par. 41a

Amends the Deposit of State Moneys Act. Provides that the State Treasurer may, with the approval of the Governor, invest or reinvest (regardless of whether the price exceeds par) any State money in the treasury that is not needed for current expenditures due or about to become due, or any money in the State Treasury that has been set aside and held for the payment of the principal of and interest on any State bonds, in bonds issued by counties or municipal corporations of this State. Effective immediately.

LRB100 09021 RJF 19168 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Deposit of State Moneys Act is amended by
5 changing Section 22.5 as follows:

6 (15 ILCS 520/22.5) (from Ch. 130, par. 41a)

7 (For force and effect of certain provisions, see Section 90
8 of P.A. 94-79)

9 Sec. 22.5. Permitted investments. The State Treasurer may,
10 with the approval of the Governor, invest and reinvest any
11 State money in the treasury which is not needed for current
12 expenditures due or about to become due, in obligations of the
13 United States government or its agencies or of National
14 Mortgage Associations established by or under the National
15 Housing Act, 1201 U.S.C. 1701 et seq., or in mortgage
16 participation certificates representing undivided interests in
17 specified, first-lien conventional residential Illinois
18 mortgages that are underwritten, insured, guaranteed, or
19 purchased by the Federal Home Loan Mortgage Corporation or in
20 Affordable Housing Program Trust Fund Bonds or Notes as defined
21 in and issued pursuant to the Illinois Housing Development Act.
22 All such obligations shall be considered as cash and may be
23 delivered over as cash by a State Treasurer to his successor.

1 The State Treasurer may, with the approval of the Governor,
2 purchase any state bonds with any money in the State Treasury
3 that has been set aside and held for the payment of the
4 principal of and interest on the bonds. The bonds shall be
5 considered as cash and may be delivered over as cash by the
6 State Treasurer to his successor.

7 The State Treasurer may, with the approval of the Governor,
8 invest or reinvest any State money in the treasury that is not
9 needed for current expenditure due or about to become due, or
10 any money in the State Treasury that has been set aside and
11 held for the payment of the principal of and the interest on
12 any State bonds, in shares, withdrawable accounts, and
13 investment certificates of savings and building and loan
14 associations, incorporated under the laws of this State or any
15 other state or under the laws of the United States; provided,
16 however, that investments may be made only in those savings and
17 loan or building and loan associations the shares and
18 withdrawable accounts or other forms of investment securities
19 of which are insured by the Federal Deposit Insurance
20 Corporation.

21 The State Treasurer may not invest State money in any
22 savings and loan or building and loan association unless a
23 commitment by the savings and loan (or building and loan)
24 association, executed by the president or chief executive
25 officer of that association, is submitted in the following
26 form:

1 The Savings and Loan (or Building
2 and Loan) Association pledges not to reject arbitrarily
3 mortgage loans for residential properties within any
4 specific part of the community served by the savings and
5 loan (or building and loan) association because of the
6 location of the property. The savings and loan (or building
7 and loan) association also pledges to make loans available
8 on low and moderate income residential property throughout
9 the community within the limits of its legal restrictions
10 and prudent financial practices.

11 The State Treasurer may, with the approval of the Governor,
12 invest or reinvest, ~~at a price not to exceed par,~~ any State
13 money in the treasury that is not needed for current
14 expenditures due or about to become due, or any money in the
15 State Treasury that has been set aside and held for the payment
16 of the principal of and interest on any State bonds, in bonds
17 issued by counties or municipal corporations of the State of
18 Illinois.

19 The State Treasurer may, with the approval of the Governor,
20 invest or reinvest any State money in the Treasury which is not
21 needed for current expenditure, due or about to become due, or
22 any money in the State Treasury which has been set aside and
23 held for the payment of the principal of and the interest on
24 any State bonds, in participations in loans, the principal of
25 which participation is fully guaranteed by an agency or
26 instrumentality of the United States government; provided,

1 however, that such loan participations are represented by
2 certificates issued only by banks which are incorporated under
3 the laws of this State or any other state or under the laws of
4 the United States, and such banks, but not the loan
5 participation certificates, are insured by the Federal Deposit
6 Insurance Corporation.

7 The State Treasurer may, with the approval of the Governor,
8 invest or reinvest any State money in the Treasury that is not
9 needed for current expenditure, due or about to become due, or
10 any money in the State Treasury that has been set aside and
11 held for the payment of the principal of and the interest on
12 any State bonds, in any of the following:

13 (1) Bonds, notes, certificates of indebtedness,
14 Treasury bills, or other securities now or hereafter issued
15 that are guaranteed by the full faith and credit of the
16 United States of America as to principal and interest.

17 (2) Bonds, notes, debentures, or other similar
18 obligations of the United States of America, its agencies,
19 and instrumentalities.

20 (2.5) Bonds, notes, debentures, or other similar
21 obligations of a foreign government, other than the
22 Republic of the Sudan, that are guaranteed by the full
23 faith and credit of that government as to principal and
24 interest, but only if the foreign government has not
25 defaulted and has met its payment obligations in a timely
26 manner on all similar obligations for a period of at least

1 25 years immediately before the time of acquiring those
2 obligations.

3 (3) Interest-bearing savings accounts,
4 interest-bearing certificates of deposit, interest-bearing
5 time deposits, or any other investments constituting
6 direct obligations of any bank as defined by the Illinois
7 Banking Act.

8 (4) Interest-bearing accounts, certificates of
9 deposit, or any other investments constituting direct
10 obligations of any savings and loan associations
11 incorporated under the laws of this State or any other
12 state or under the laws of the United States.

13 (5) Dividend-bearing share accounts, share certificate
14 accounts, or class of share accounts of a credit union
15 chartered under the laws of this State or the laws of the
16 United States; provided, however, the principal office of
17 the credit union must be located within the State of
18 Illinois.

19 (6) Bankers' acceptances of banks whose senior
20 obligations are rated in the top 2 rating categories by 2
21 national rating agencies and maintain that rating during
22 the term of the investment.

23 (7) Short-term obligations of either corporations or
24 limited liability companies organized in the United States
25 with assets exceeding \$500,000,000 if (i) the obligations
26 are rated at the time of purchase at one of the 3 highest

1 classifications established by at least 2 standard rating
2 services and mature not later than 270 days from the date
3 of purchase, (ii) the purchases do not exceed 10% of the
4 corporation's or the limited liability company's
5 outstanding obligations, (iii) no more than one-third of
6 the public agency's funds are invested in short-term
7 obligations of either corporations or limited liability
8 companies, and (iv) the corporation or the limited
9 liability company has not been placed on the list of
10 restricted companies by the Illinois Investment Policy
11 Board under Section 1-110.16 of the Illinois Pension Code.

12 (7.5) Obligations of either corporations or limited
13 liability companies organized in the United States, that
14 have a significant presence in this State, with assets
15 exceeding \$500,000,000 if: (i) the obligations are rated at
16 the time of purchase at one of the 3 highest
17 classifications established by at least 2 standard rating
18 services and mature more than 270 days, but less than 5
19 years, from the date of purchase; (ii) the purchases do not
20 exceed 10% of the corporation's or the limited liability
21 company's outstanding obligations; (iii) no more than 5% of
22 the public agency's funds are invested in such obligations
23 of corporations or limited liability companies; and (iv)
24 the corporation or the limited liability company has not
25 been placed on the list of restricted companies by the
26 Illinois Investment Policy Board under Section 1-110.16 of

1 the Illinois Pension Code. The authorization of the
2 Treasurer to invest in new obligations under this paragraph
3 shall expire on June 30, 2019.

4 (8) Money market mutual funds registered under the
5 Investment Company Act of 1940, provided that the portfolio
6 of the money market mutual fund is limited to obligations
7 described in this Section and to agreements to repurchase
8 such obligations.

9 (9) The Public Treasurers' Investment Pool created
10 under Section 17 of the State Treasurer Act or in a fund
11 managed, operated, and administered by a bank.

12 (10) Repurchase agreements of government securities
13 having the meaning set out in the Government Securities Act
14 of 1986, as now or hereafter amended or succeeded, subject
15 to the provisions of that Act and the regulations issued
16 thereunder.

17 (11) Investments made in accordance with the
18 Technology Development Act.

19 For purposes of this Section, "agencies" of the United
20 States Government includes:

21 (i) the federal land banks, federal intermediate
22 credit banks, banks for cooperatives, federal farm credit
23 banks, or any other entity authorized to issue debt
24 obligations under the Farm Credit Act of 1971 (12 U.S.C.
25 2001 et seq.) and Acts amendatory thereto;

26 (ii) the federal home loan banks and the federal home

1 loan mortgage corporation;

2 (iii) the Commodity Credit Corporation; and

3 (iv) any other agency created by Act of Congress.

4 The Treasurer may, with the approval of the Governor, lend
5 any securities acquired under this Act. However, securities may
6 be lent under this Section only in accordance with Federal
7 Financial Institution Examination Council guidelines and only
8 if the securities are collateralized at a level sufficient to
9 assure the safety of the securities, taking into account market
10 value fluctuation. The securities may be collateralized by cash
11 or collateral acceptable under Sections 11 and 11.1.

12 (Source: P.A. 99-856, eff. 8-19-16.)

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.