

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 Whenever the total amount of vouchers presented to the
8 Comptroller under Section 9 of the State Comptroller Act
9 exceeds the funds available in the general funds by
10 \$1,000,000,000 or more, the State Treasurer may invest or
11 reinvest any State money in the Treasury which is not needed
12 for current expenditures, due or about to become due, or any
13 money in the State Treasury which has been set aside and held
14 for the payment of the principal of and the interest on any
15 State bonds, in qualified account receivables under the Vendor
16 Payment Program established by the Comptroller and the
17 Department of Central Management Services under their
18 authority in Section 3-3 of the State Prompt Payment Act. The
19 State Treasurer shall be a qualified purchaser under the Vendor
20 Payment Program and shall have priority over any other
21 qualified purchasers when purchasing qualified account
22 receivables. However, instead of the interest penalty provided
23 for in Section 3-2 of the State Prompt Payment Act, the
24 interest penalty paid on any funds invested or reinvested by
25 the State Treasurer under this paragraph shall be 0.3% per
26 month or 0.01% (one-one hundredth of one percent) per day.

1 The State Treasurer may, with the approval of the Governor,
2 invest or reinvest any State money in the Treasury that is not
3 needed for current expenditure, due or about to become due, or
4 any money in the State Treasury that has been set aside and
5 held for the payment of the principal of and the interest on
6 any State bonds, in any of the following:

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

11 (2) Bonds, notes, debentures, or other similar
12 obligations of the United States of America, its agencies,
13 and instrumentalities.

14 (2.5) Bonds, notes, debentures, or other similar
15 obligations of a foreign government, other than the
16 Republic of the Sudan, that are guaranteed by the full
17 faith and credit of that government as to principal and
18 interest, but only if the foreign government has not
19 defaulted and has met its payment obligations in a timely
20 manner on all similar obligations for a period of at least
21 25 years immediately before the time of acquiring those
22 obligations.

23 (3) Interest-bearing savings accounts,
24 interest-bearing certificates of deposit, interest-bearing
25 time deposits, or any other investments constituting
26 direct obligations of any bank as defined by the Illinois

1 Banking Act.

2 (4) Interest-bearing accounts, certificates of
3 deposit, or any other investments constituting direct
4 obligations of any savings and loan associations
5 incorporated under the laws of this State or any other
6 state or under the laws of the United States.

7 (5) Dividend-bearing share accounts, share certificate
8 accounts, or class of share accounts of a credit union
9 chartered under the laws of this State or the laws of the
10 United States; provided, however, the principal office of
11 the credit union must be located within the State of
12 Illinois.

13 (6) Bankers' acceptances of banks whose senior
14 obligations are rated in the top 2 rating categories by 2
15 national rating agencies and maintain that rating during
16 the term of the investment.

17 (7) Short-term obligations of either corporations or
18 limited liability companies organized in the United States
19 with assets exceeding \$500,000,000 if (i) the obligations
20 are rated at the time of purchase at one of the 3 highest
21 classifications established by at least 2 standard rating
22 services and mature not later than 270 days from the date
23 of purchase, (ii) the purchases do not exceed 10% of the
24 corporation's or the limited liability company's
25 outstanding obligations, (iii) no more than one-third of
26 the public agency's funds are invested in short-term

1 obligations of either corporations or limited liability
2 companies, and (iv) the corporation or the limited
3 liability company has not been placed on the list of
4 restricted companies by the Illinois Investment Policy
5 Board under Section 1-110.16 of the Illinois Pension Code.

6 (7.5) Obligations of either corporations or limited
7 liability companies organized in the United States, that
8 have a significant presence in this State, with assets
9 exceeding \$500,000,000 if: (i) the obligations are rated at
10 the time of purchase at one of the 3 highest
11 classifications established by at least 2 standard rating
12 services and mature more than 270 days, but less than 5
13 years, from the date of purchase; (ii) the purchases do not
14 exceed 10% of the corporation's or the limited liability
15 company's outstanding obligations; (iii) no more than 5% of
16 the public agency's funds are invested in such obligations
17 of corporations or limited liability companies; and (iv)
18 the corporation or the limited liability company has not
19 been placed on the list of restricted companies by the
20 Illinois Investment Policy Board under Section 1-110.16 of
21 the Illinois Pension Code. The authorization of the
22 Treasurer to invest in new obligations under this paragraph
23 shall expire on June 30, 2019.

24 (8) Money market mutual funds registered under the
25 Investment Company Act of 1940, provided that the portfolio
26 of the money market mutual fund is limited to obligations

1 described in this Section and to agreements to repurchase
2 such obligations.

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

6 (10) Repurchase agreements of government securities
7 having the meaning set out in the Government Securities Act
8 of 1986, as now or hereafter amended or succeeded, subject
9 to the provisions of that Act and the regulations issued
10 thereunder.

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

13 For purposes of this Section, "agencies" of the United
14 States Government includes:

15 (i) the federal land banks, federal intermediate
16 credit banks, banks for cooperatives, federal farm credit
17 banks, or any other entity authorized to issue debt
18 obligations under the Farm Credit Act of 1971 (12 U.S.C.
19 2001 et seq.) and Acts amendatory thereto;

20 (ii) the federal home loan banks and the federal home
21 loan mortgage corporation;

22 (iii) the Commodity Credit Corporation; and

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

24 The Treasurer may, with the approval of the Governor, lend
25 any securities acquired under this Act. However, securities may
26 be lent under this Section only in accordance with Federal

1 Financial Institution Examination Council guidelines and only
2 if the securities are collateralized at a level sufficient to
3 assure the safety of the securities, taking into account market
4 value fluctuation. The securities may be collateralized by cash
5 or collateral acceptable under Sections 11 and 11.1.

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