

# HB3670



## 96TH GENERAL ASSEMBLY

### State of Illinois

2009 and 2010

HB3670

Introduced 2/24/2009, by Rep. James D. Brosnahan

#### 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 State money in short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if, among other things, the obligations mature not later than 270 (instead of 180) days after the date of purchase. Effective immediately.

LRB096 02024 RCE 12037 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning finance.

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 corporations organized  
24 in the United States with assets exceeding \$500,000,000 if  
25 (i) the obligations are rated at the time of purchase at  
26 one of the 3 highest classifications established by at

1 least 2 standard rating services and mature not later than  
2 270 ~~180~~ days from the date of purchase, (ii) the purchases  
3 do not exceed 10% of the corporation's outstanding  
4 obligations, (iii) no more than one-third of the public  
5 agency's funds are invested in short-term obligations of  
6 corporations, and (iv) the corporation has not been  
7 identified as a forbidden entity, as that term is defined  
8 in Section 1-110.6 of the Illinois Pension Code, by an  
9 independent researching firm that specializes in global  
10 security risk that has been engaged by the State Treasurer.

11 (8) Money market mutual funds registered under the  
12 Investment Company Act of 1940, provided that the portfolio  
13 of the money market mutual fund is limited to obligations  
14 described in this Section and to agreements to repurchase  
15 such obligations.

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

19 (10) Repurchase agreements of government securities  
20 having the meaning set out in the Government Securities Act  
21 of 1986 subject to the provisions of that Act and the  
22 regulations issued thereunder.

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

25 For purposes of this Section, "agencies" of the United  
26 States Government includes:

1           (i) the federal land banks, federal intermediate  
2           credit banks, banks for cooperatives, federal farm credit  
3           banks, or any other entity authorized to issue debt  
4           obligations under the Farm Credit Act of 1971 (12 U.S.C.  
5           2001 et seq.) and Acts amendatory thereto;

6           (ii) the federal home loan banks and the federal home  
7           loan mortgage corporation;

8           (iii) the Commodity Credit Corporation; and

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

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

18          (Source: P.A. 94-79, eff. 1-27-06; for force and effect of  
19          certain provisions, see Section 90 of P.A. 94-79; 95-521, eff.  
20          8-28-07.)

21          Section 99. Effective date. This Act takes effect upon  
22          becoming law.