

SB0052



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB0052

Introduced 1/30/2009, by Sen. Dan Kotowski

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 02025 RCE 12038 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.