

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 58th Legislature (2021)

4 ENGROSSED SENATE
5 BILL NO. 281

 By: Quinn and Pederson of the
 Senate

6 and

7 O'Donnell, **Boles** and **Lepak**
8 of the House

9
10 An Act relating to public finance; amending 62 O.S.
11 2011, Sections 348.1, as last amended by Section 1,
12 Chapter 43, O.S.L. 2014 and 348.3 (62 O.S. Supp.
13 2020, Section 348.1), which relate to authorized
14 investment; modifying types of investments required
15 by city and county governments upon certain
16 authorization; establishing criteria of investments;
17 and providing an effective date.

18 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

19 SECTION 1. AMENDATORY 62 O.S. 2011, Section 348.1, as
20 last amended by Section 1, Chapter 43, O.S.L. 2014 (62 O.S. Supp.
21 2020, Section 348.1), is amended to read as follows:

22 Section 348.1. A. Except as otherwise provided for by law, a
23 county treasurer, when authorized by the board of county
24 commissioners by a written investment policy, ordinance or
 resolution or the treasurer of any city or town, when authorized by
 the appropriate governing body by a written investment policy,

1 ordinance or resolution, shall invest monies in the custody of the
2 treasurer in:

3 1. Direct obligations of the United States Government, its
4 agencies or instrumentalities to the payment of which the full faith
5 and credit of the Government of the United States is pledged, or
6 ~~obligations to the payment of which the full faith and credit of~~
7 ~~this state is pledged~~ investment grade obligations of this state;
8 provided, that any such security shall be rated A+ or better by
9 Standard and Poor's Corporation or A1 or better by Moody's Investor
10 Service or an equivalent investment grade by a securities ratings
11 organization accepted by the National Association of Insurance
12 Commissioners including investment grade obligations of state
13 agencies;

14 2. Collateralized or insured certificates of deposits of
15 savings and loan associations, banks, savings banks and credit
16 unions located in this state, when the certificates of deposit are
17 secured by acceptable collateral as provided by law, or fully
18 insured certificates of deposit at banks, savings banks, savings and
19 loan associations and credit unions located out of state;

20 3. Savings accounts or savings certificates of savings and loan
21 associations, banks, and credit unions, to the extent that the
22 accounts or certificates are fully insured by the Federal Deposit
23 Insurance Corporation;

1 4. Investments as authorized by Section 348.3 of this title
2 which are fully collateralized in investments specified in
3 paragraphs 1 through 3 of this section, and where the collateral has
4 been deposited with a trustee or custodian bank in an irrevocable
5 trust or escrow account established for such purposes; or

6 5. County, municipal or school district direct debt obligation
7 for which an ad valorem tax may be levied or bond and revenue
8 anticipation notes, money judgments against such county,
9 municipality or school district ordered by a court of record or
10 bonds or bond and revenue anticipation notes issued by a public
11 trust for which such county, municipality or school district is a
12 beneficiary thereof. All collateral pledged to secure public funds
13 shall be valued at no more than market value. The income received
14 from that investment may be placed in the general fund of the
15 governmental subdivision to be used for general governmental
16 operations, the sinking fund, the building fund, or the fund from
17 which the investment was made.

18 B. The provisions of this section shall not apply to
19 investments made by organizations of municipalities created for the
20 purpose of securing benefits and services relating to insurance for
21 Oklahoma municipalities or other political subdivisions.

22 SECTION 2. AMENDATORY 62 O.S. 2011, Section 348.3, is
23 amended to read as follows:
24

1 Section 348.3. A. In addition to the investments authorized by
2 Section 348.1 of this title, the governing body of a city or of a
3 county may adopt a written investment policy directing the
4 investment of the funds of the city or county and any of its public
5 trusts or authorities. If such a policy is adopted by the governing
6 body, such funds shall be invested pursuant to the provisions of the
7 policy. The written policy shall address liquidity,
8 diversification, safety of principal, yield, maturity and quality
9 and capability of investment management, with primary emphasis on
10 safety and liquidity. To the extent practicable, taking into
11 account the need to use sound investment judgment, the written
12 investment policies shall include provision for utilization of a
13 system of competitive bidding in the investment of municipal funds.
14 The system shall be designed to maximize yield within each class of
15 investment instrument, consistent with the safety of the funds
16 invested.

17 B. The written investment policy may authorize the city
18 treasurer or county treasurer to purchase and invest in any or all
19 of the following:

20 1. Obligations of the United States government, its agencies
21 and instrumentalities, or investment grade obligations of this
22 state; provided, that any such security shall be rated A+ or better
23 by Standard and Poor's Corporation or A1 or better by Moody's
24 Investor Service or an equivalent investment grade by a securities

1 ratings organization accepted by the National Association of
2 Insurance Commissioners including investment grade obligations of
3 state agencies;

4 2. Collateralized or insured certificates of deposit and other
5 evidences of deposit at banks, savings banks, savings and loan
6 associations and credit unions located in this state, or fully
7 insured certificates of deposit at banks, savings banks, savings and
8 loan associations and credit unions located out of state;

9 3. Negotiable certificates of deposit issued by a nationally or
10 state-chartered bank, a savings bank, a savings and loan association
11 or a state-licensed branch of a foreign bank. Purchases of
12 negotiable certificates of deposit shall not exceed ten percent
13 (10%) of the surplus funds of the city or county which may be
14 invested pursuant to this section. Not more than one-half (1/2) of
15 the ten percent (10%) limit shall be invested in any one financial
16 institution specified in this paragraph;

17 4. Prime banker's acceptances which are eligible for purchase
18 by the Federal Reserve System and which do not exceed two hundred
19 seventy (270) days' maturity. Purchases of prime banker's
20 acceptances shall not exceed ten percent (10%) of the surplus funds
21 of the city or county which may be invested pursuant to this
22 section. Not more than one-half (1/2) of the ten percent (10%)
23 limit shall be invested in any one commercial bank pursuant to this
24 paragraph;

1 5. Prime commercial paper which shall not have a maturity that
2 exceeds one hundred eighty (180) days nor represent more than ten
3 percent (10%) of the outstanding paper of an issuing corporation.
4 Purchases of prime commercial paper shall not exceed seven and one-
5 half percent (7 1/2%) of the surplus funds of the city or county
6 which may be invested pursuant to this section;

7 6. Repurchase agreements that have underlying collateral
8 consisting of those items specified in paragraphs 1 through 5 of
9 this subsection; and

10 7. Money market funds regulated by the Securities and Exchange
11 Commission and which investments consist of those items and those
12 restrictions specified in paragraphs 1 through 6 of this subsection.

13 C. Investments shall be made with judgment and care, under
14 circumstances then prevailing, which persons of prudence, discretion
15 and intelligence exercise in the management of their own affairs,
16 not for speculation, but for investment, considering the probable
17 safety of their capital as well as the probable income to be
18 derived.

19 SECTION 3. This act shall become effective November 1, 2021.
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21 COMMITTEE REPORT BY: COMMITTEE ON RULES, dated 03/30/2021 - DO PASS,
22 As Coauthored.
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