

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

HOUSE BILL 2538

By: Lepak

AS INTRODUCED

An Act relating to public finance; amending 62 O.S. 2021, Section 348.1, which relates to authorized investments; modifying investment procedures relating to local governments; amending 62 O.S. 2021, Section 348.3, which relates to written investment policies; modifying authorized investments; and providing an effective date.

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

SECTION 1. AMENDATORY 62 O.S. 2021, Section 348.1, is amended to read as follows:

Section 348.1 A. Except as otherwise provided for by law, a county treasurer, when authorized by the board of county 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, ordinance or resolution, shall invest monies in the custody of the treasurer in:

1. Direct obligations of the United States Government, its agencies or instrumentalities to the payment of which the full faith

1 and credit of the Government of the United States is pledged, or
2 investment grade obligations of this state; provided, that any such
3 security shall be rated A+ or better by Standard and Poor's
4 Corporation or A1 or better by Moody's Investor Service or an
5 equivalent investment grade by a securities ratings organization
6 accepted by the National Association of Insurance Commissioners
7 including investment grade obligations of state agencies;

8 2. Collateralized or insured certificates of deposits of
9 savings and loan associations, banks, savings banks and credit
10 unions located in this state when the certificates of deposit are
11 secured by acceptable collateral as provided by law, or fully
12 insured certificates of deposit at banks, savings banks, savings and
13 loan associations and credit unions located out of state;

14 3. Savings accounts or savings certificates of savings and loan
15 associations, banks, and credit unions to the extent that the
16 accounts or certificates are fully insured by the Federal Deposit
17 Insurance Corporation;

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

23 ~~or~~
24

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

13 6. Local government investment pools which investments consist
14 of those items and those restrictions specified in paragraphs 1
15 through 5 of this subsection.

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

20 SECTION 2. AMENDATORY 62 O.S. 2021, Section 348.3, is
21 amended to read as follows:

22 Section 348.3 A. In addition to the investments authorized by
23 Section 348.1 of this title, the governing body of a city or of a
24 county may adopt a written investment policy directing the

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

14 B. The written investment policy may authorize the city
15 treasurer or county treasurer to purchase and invest in any or all
16 of the following:

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

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

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

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

22 5. Prime commercial paper which shall not have a maturity that
23 exceeds one hundred eighty (180) days nor represent more than ten
24 percent (10%) of the outstanding paper of an issuing corporation.

Purchases of prime commercial paper shall not exceed seven and one-half percent (7 1/2%) of the surplus funds of the city or county which may be invested pursuant to this section;

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

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

8. Local government investment pools which investments consist of those items and those restrictions specified in paragraphs 1 through 6 of this subsection.

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

SECTION 3. This act shall become effective November 1, 2023.

59-1-5933 MJ 01/01/23