

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SENATE BILL 579

By: Bergstrom

AS INTRODUCED

An Act relating to investments; amending 62 O.S. 2021, Section 89.2, which relates to investments of public funds; prohibiting public funds from being used for investments or obligations associated with Chinese government and entities; prohibiting certain retirement systems from investing with Chinese government and entities; updating statutory language; updating statutory references; providing for codification; and providing an effective date.

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

SECTION 1. AMENDATORY 62 O.S. 2021, Section 89.2, is amended to read as follows:

Section 89.2. A. The State Treasurer is directed to invest the maximum amount of funds under control of the State Treasurer consistent with good business practices. Except as otherwise provided for by law, the investments shall earn not less than the rate for comparable maturities on United States Treasury obligations. Except as otherwise provided for by law, the State Treasurer may purchase and invest only in:

1 1. Obligations of the United States ~~Government~~ government, its
2 agencies and instrumentalities, or other obligations fully insured
3 or unconditionally guaranteed as to the payment of principal and
4 interest by the United States government or any of its agencies and
5 instrumentalities;

6 2. Collateralized or insured certificates of deposit and other
7 evidences of deposit at banks, savings banks, savings and loan
8 associations and credit unions located in this 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 cash available for investment which may be invested
14 pursuant to this section. Not more than one-half (1/2) of the ten
15 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 cash available
21 for investment which may be invested pursuant to this section. Not
22 more than three-fourths (3/4) of the ten percent (10%) limit shall
23 be invested in any one commercial bank pursuant to this paragraph;
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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 cash available for investment which may
6 be invested pursuant to this section;

7 6. Investment grade obligations of state and local governments,
8 including obligations of Oklahoma state public trusts which possess
9 the highest rating from at least one nationally recognized rating
10 agency acceptable to the State Treasurer. Purchases of investment
11 grade obligations of state and local governments shall not exceed
12 ten percent (10%) of the cash available for investment which may be
13 invested pursuant to this section;

14 7. Repurchase agreements, provided that such agreements are
15 included within the written investment policy required by subsection
16 ~~D~~ E of this section that have underlying collateral consisting of
17 those items and those restrictions specified in paragraphs 1 through
18 6 of this subsection;

19 8. Money market funds and short term bond funds regulated by
20 the Securities and Exchange Commission and which investments consist
21 of those items and those restrictions specified in paragraphs 1
22 through 7 of this subsection; and

23 9. Bonds, notes, debentures or other similar obligations of a
24 foreign government which the International Monetary Fund lists as an
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1 industrialized country and for which the full faith and credit of
2 such nation has been pledged for the payment of principal and
3 interest; provided, that any such security shall be rated at least
4 A- or better by ~~Standard & Poor's Corporation~~ S&P Global or A3 or
5 better by Moody's Investors Service, or an equivalent investment
6 grade by a securities ratings organization accepted by the National
7 Association of Insurance Commissioners; and provided further, that
8 the total investment in such foreign securities at any one time
9 shall not exceed five percent (5%) of the cash available for
10 investment which may be invested pursuant to this section. In no
11 circumstance shall investments be made in bonds, notes, debentures
12 or any similar obligations of a foreign government that:

- 13 a. is identified as a state sponsor of terrorism by the
14 United States Department of State, or
- 15 b. any authoritarian or totalitarian government the
16 sovereign powers of which are exercised through a
17 single person or group of persons who are not elected
18 by any form of legitimate popular voting.

19 B. No investments, commercial paper, bonds, notes, debentures,
20 or other similar obligations shall be made that are associated with
21 any entity owned or controlled by the government of China, any
22 political subdivision of China, or any corporation that is
23 headquartered in China or whose principal operations are located in
24 China.

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

7 ~~C.~~ D. The State Treasurer shall appoint an investment officer
8 who shall perform duties related to the investment of state funds in
9 the Office of the State Treasurer. The investment officer shall not
10 perform or supervise any accounting functions, data processing
11 functions or duties related to the documentation or settlement of
12 investment transactions.

13 ~~D.~~ E. Investments of public funds by the State Treasurer shall
14 be made in accordance with written policies developed by the State
15 Treasurer. The written investment policies shall address:

- 16 1. Liquidity;
- 17 2. Diversification;
- 18 3. Safety of principal;
- 19 4. Yield;
- 20 5. Maturity and quality; and
- 21 6. Capability of investment management.

22 The State Treasurer shall place primary emphasis on safety and
23 liquidity in the investment of public funds. To the extent
24 practicable, taking into account the need to use sound investment

1 judgment, the written investment policies shall include provision
2 for utilization of a system of competitive bidding in the investment
3 of state funds. The written investment policies shall be designed
4 to maximize yield within each class of investment instrument,
5 consistent with the safety of the funds invested.

6 ~~E.~~ F. The State Treasurer shall select one custodial bank to
7 settle transactions involving the investment of state funds under
8 the control of the State Treasurer. The State Treasurer shall
9 review the performance of the custodial bank at least once every
10 year. The State Treasurer shall require a written competitive bid
11 every five (5) years. The custodial bank shall have a minimum of
12 Five Hundred Million Dollars (\$500,000,000.00) in assets to be
13 eligible for selection. Any out-of-state custodial bank shall have
14 a service agent in ~~the State of Oklahoma~~ this state so that service
15 of summons or legal notice may be had on such designated agent as is
16 now or may hereafter be provided by law. In order to be eligible
17 for selection, the custodial bank shall allow electronic access to
18 all transaction and portfolio reports maintained by the custodial
19 bank involving the investment of state funds under control of the
20 State Treasurer. The access shall be given to both the State
21 Treasurer and to the Cash Management and Investment Oversight
22 Commission. The requirement for electronic access shall be
23 incorporated into any contract between the State Treasurer and the
24 custodial bank. Neither the State Treasurer nor the custodial bank

1 shall permit any of the funds under the control of the State
2 Treasurer or any of the documents, instruments, securities or other
3 evidence of a right to be paid money to be located in any place
4 other than within a jurisdiction or territory under the control or
5 regulatory power of the United States ~~Government~~ government.

6 ~~F.~~ G. The investment policy shall specify the general
7 philosophy, policies and procedures to be followed in the investment
8 of state monies by the State Treasurer. The investment policy shall
9 include, but not be limited to, the following:

- 10 1. Policy objectives;
- 11 2. Performance measure objectives;
- 12 3. Authority for investment program;
- 13 4. Possible use of an investment advisory committee;
- 14 5. Reporting and documentation of investments;
- 15 6. Authorized investment instruments;
- 16 7. Diversification of investment risk;
- 17 8. Maturity limitations;
- 18 9. Selections of financial institutions;
- 19 10. Interest controls;
- 20 11. Safekeeping of investments;
- 21 12. Investment ethics; and
- 22 13. Formal adoption of policy.

23 ~~G.~~ H. The State Treasurer shall provide weekly reports of all
24 investments made by the State Treasurer if requested by the Cash

1 Management and Investment Oversight Commission, and list any
2 commissions, fees or payments made for services regarding such
3 investments. The reports required by this subsection shall be
4 delivered to the Commission within three (3) business days of the
5 end of the applicable week.

6 ~~H.~~ I. Not later than July 1 of each year, the State Treasurer
7 shall forward a copy of the written investment policy to the
8 Governor, the Speaker of the House of Representatives, the President
9 Pro Tempore of the Senate, the Attorney General, the Bank
10 Commissioner, and the Director of the Office of Management and
11 Enterprise Services. In addition, the State Treasurer shall
12 maintain one copy of the investment policy in the office of the
13 State Treasurer for public inspection during regular business hours.
14 Copies of any modifications to the investment policy shall be
15 forwarded to the Governor, Speaker of the House of Representatives,
16 President Pro Tempore of the Senate, and each member of the Cash
17 Management and Investment Oversight Commission.

18 SECTION 2. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 945 of Title 74, unless there is
20 created a duplication in numbering, reads as follows:

21 No investments, commercial paper, bonds, notes, debentures, or
22 other similar obligations shall be made by the Oklahoma Firefighters
23 Pension and Retirement System, the Oklahoma Police Pension and
24 Retirement System, the Uniform Retirement System for Justices and
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1 Judges, the Oklahoma Law Enforcement Retirement System, the
2 Teachers' Retirement System of Oklahoma, the Oklahoma Public
3 Employees Retirement System, and the retirement plan adopted by the
4 Oklahoma Wildlife Conservation Commission that are associated with
5 any entity owned or controlled by the government of China, any
6 political subdivision of China, or any corporation that is
7 headquartered in China or whose principal operations are located in
8 China.

9 SECTION 3. This act shall become effective November 1, 2025.

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