

# SENATE BILL REPORT

## SB 6219

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As of January 13, 2010

**Title:** An act relating to funding sources for time certificate of deposit investments.

**Brief Description:** Funding sources for time certificate of deposit investments.

**Sponsors:** Senator Berkey; by request of State Treasurer.

**Brief History:**

**Committee Activity:** Financial Institutions, Housing & Insurance: 1/12/10.

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

**Staff:** Diane Smith (786-7410)

**Background:** The State Treasurer must limit the surplus funds deposited as demand deposits (noninterest earning) to an amount that allows for meeting necessary current operating expenses and that will not impair cash flow needs. Funds above that limitation, not deposited as demand deposits, must be available for use in a Time Certificate of Deposit investment program (TCD). This program allocates this surplus money, among all participating depositories, according to a formula determined by the State Treasurer.

The formula for determining the amount of surplus funds available for the TCD program is based on 5 percent of a specific definition of state revenues, or half of the total surplus treasury investment availability, whichever is less. Once the formula is applied, the funds certified to be available must be deposited into qualified public depositories under the TCD program.

Local governments and institutions of higher education may participate with the state in maximizing the opportunity for investment of surplus public funds consistent with the safety and protection of those funds. Local funds that are not immediately required to meet current demands may be deposited, at the local government's option, into a trust fund called the public funds investment account. It is also called the Local Government Investment Pool (LGIP). The State Treasurer's investment goal for the LGIP is to obtain a maximum yield consistent with a defined fiduciary standard.

There is no explicit statutory authority for the State Treasurer to invest funds from the LGIP into the TCD program.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Summary of Bill:** The State Treasurer has discretion as to whether he or she deposits all the funds certified to be available for the TCD program into the TCD program.

As part of the funds certified to be available for the TCD program, the State Treasurer is authorized to deposit LGIP funds into the TCD program.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This bill will benefit both the state treasury and the local governments by allowing more surplus funds to be deposited into higher yielding investments with more appropriate time horizons.

**Persons Testifying:** PRO: State Treasurer, Jim McIntire.