

By: Senator(s) Fillingane

To: Accountability,
Efficiency, Transparency;
Finance

SENATE BILL NO. 2551

1 AN ACT TO AMEND SECTION 27-105-33, MISSISSIPPI CODE OF 1972,
2 TO DELETE THE PROVISION THAT PROHIBITS THE STATE TREASURER FROM
3 INVESTING CERTAIN EXCESS GENERAL AND SPECIAL FUNDS IN UNITED
4 STATES GOVERNMENT AGENCY, UNITED STATES GOVERNMENT INSTRUMENTALITY
5 OR UNITED STATES GOVERNMENT SPONSORED ENTERPRISE OBLIGATIONS IN
6 EXCESS OF 50% OF ALL MONIES INVESTED WITH MATURITIES OF 30 DAYS OR
7 LONGER; AND FOR RELATED PURPOSES.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

9 **SECTION 1.** Section 27-105-33, Mississippi Code of 1972, is
10 amended as follows:

11 27-105-33. It shall be the duty of the State Treasurer and
12 the Executive Director of the Department of Finance and
13 Administration on or about the tenth day of each month, and in
14 their discretion at any other time, to analyze carefully the
15 amount of cash in the General Fund of the state and in all special
16 funds credited to any special purpose designated by the State
17 Legislature or held to meet the budgets or appropriations for
18 maintenance, improvements and services of the several
19 institutions, boards, departments, commissions, agencies, persons
20 or entities of the state, and to determine in their opinion when



21 the cash in such funds is in excess of the amount required to meet
22 the current needs and demands of no more than seven (7) business
23 days on such funds and report their findings to the Governor. It
24 shall be the duty of the State Treasurer to provide a cash flow
25 model for forecasting revenues and expenditures on a bimonthly
26 basis and providing technical assistance for its operation. The
27 Department of Finance and Administration shall use the cash flow
28 model furnished by the State Treasurer, in analyzing the amount of
29 funds on deposit and available for investment.

30 The State Treasurer is hereby authorized, empowered and
31 directed to invest all such excess general and special funds of
32 the state in the following manner:

33 (a) Funds shall be allocated equally among all
34 qualified state depositories which do not have demand accounts in
35 excess of One Hundred Fifty Thousand Dollars (\$150,000.00) until
36 each qualified depository willing to accept the same shall have on
37 deposit or in security repurchase agreements or in other
38 securities authorized in paragraph (d) of this section at interest
39 the sum of Three Hundred Thousand Dollars (\$300,000.00). For the
40 purposes of this subsection, no branch bank or branch office shall
41 be counted as a separate depository.

42 (b) The balance, if any, of such excess general and
43 special funds shall be offered to qualified depositories of the
44 state on a pro rata basis as provided in Section 27-105-9. For
45 the purposes of this subsection, the pro rata share of each



depository shall be reduced by the amount of the average daily collected earning balance of demand deposits maintained by the State Treasurer pursuant to Section 27-105-9 during the preceding calendar year, and such reduction shall be allocated pro rata among other eligible depositories.

(c) Funds offered pursuant to paragraphs (a) and (b) above shall be invested for periods of up to one (1) year, and shall bear interest at an interest rate no less than that numerically equal to the bond equivalent yield on direct obligations of the United States Treasury of comparable maturity, as determined by the State Treasurer. In determining such rate, the State Treasurer shall consider the Legislature's desire to distribute funds equitably throughout the state to the maximum extent possible.

(d) To the extent that the State Treasurer shall find that general and special funds cannot be invested pursuant to paragraphs (a), (b) and (c) of this section for the stated maturity up to one (1) year, the Treasurer may invest such funds, together with any other funds required for current operation, as determined pursuant to this section, in the following:

(i) Time certificates of deposit or interest-bearing accounts with qualified state depositories. For those funds determined under prudent judgment of the State Treasurer to be made available for investment in time certificates of deposit, the rate of interest paid by the depositories shall be



determined by rules and regulations adopted and promulgated by the State Treasurer which may include competitive bids. At the time of investment, the interest rate on such certificates of deposit under the provisions of this subparagraph shall be a rate not less than the bond equivalent yield on direct obligations of the United States Treasury with a similar length of maturity.

(ii) Direct United States Treasury obligations, the principal and interest of which are fully guaranteed by the government of the United States.

(iii) United States government agency, United States government instrumentality or United States government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by the government of the United States, such as the Government National Mortgage Association; or United States governmental agency, United States government instrumentality or United States government sponsored enterprise obligations, the principal and interest of which are guaranteed by any United States government agency, United States government instrumentality or United States government sponsored enterprise contained in a list promulgated by the State Treasurer.

* * *

(iv) Direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in subparagraphs (ii) and (iii) above. "Direct security repurchase agreement" means an



96 agreement under which the state buys, holds for a specified time,
97 and then sells back those securities and obligations enumerated in
98 subparagraphs (ii) and (iii) above. "Reverse direct securities
99 repurchase agreement" means an agreement under which the state
100 sells and after a specified time buys back any of the securities
101 and obligations enumerated in subparagraphs (ii) and (iii) above.
102 At least eighty percent (80%) of the total dollar amount in all
103 repurchase agreements at any one time shall be pursuant to
104 contracts with qualified state depositories.

105 (e) For the purposes of this section, direct
106 obligations issued by the United States of America shall be deemed
107 to include securities of, or other interests in, any open-end or
108 closed-end management type investment company or investment trust
109 registered under the provisions of 15 USCS Section 80(a)-1 et
110 seq., provided that the portfolio of such investment company or
111 investment trust is limited to direct obligations issued by the
112 United States of America, United States government agencies,
113 United States government instrumentalities or United States
114 government sponsored enterprises, and to repurchase agreements
115 fully collateralized by direct obligations of the United States of
116 America, United States government agencies, United States
117 government instrumentalities or United States government sponsored
118 enterprises, and the investment company or investment trust takes
119 delivery of such collateral for the repurchase agreement, either
120 directly or through an authorized custodian. The State Treasurer



121 and the Executive Director of the Department of Finance and
122 Administration shall review and approve the investment companies
123 and investment trusts in which funds invested under paragraph (d)
124 of this section may be invested. The total dollar amount of funds
125 invested in all open-end and closed-end management type investment
126 companies and investment trusts at any one time shall not exceed
127 twenty percent (20%) of the total dollar amount of funds invested
128 under paragraph (d) of this section.

129 (f) Investments authorized by subparagraphs (ii) and
130 (iii) of paragraph (d) shall mature on such date or dates as
131 determined by the State Treasurer in the exercise of prudent
132 judgment to generate a favorable return to the state and will
133 allow the monies to be available for use at such time as the
134 monies will be needed for state purposes. However, the maturity
135 of securities purchased as enumerated in subparagraphs (ii) and
136 (iii) shall not exceed ten (10) years from date of purchase.
137 Special funds shall be considered those funds created
138 constitutionally, statutorily or administratively which are not
139 considered general funds. All funds invested for a period of
140 thirty (30) days or longer under paragraph (d) shall bear a rate
141 at least equal to the current established rate under paragraph (c)
142 of this section.

143 (g) Any interest-bearing deposits or certificates of
144 deposit shall not exceed at any time the amount insured by the
145 Federal Deposit Insurance Corporation in any one (1) banking



institution, the Federal Savings and Loan Insurance Corporation in any one (1) savings and loan association, or other deposit insurance corporation approved by the State Treasurer, unless the uninsured portion is collateralized by the pledge of securities in the manner provided by Section 27-105-5.

(h) Unless otherwise provided, income from investments authorized by the provisions of this subsection shall be credited to the State General Fund.

(i) Not more than Five Hundred Thousand Dollars (\$500,000.00) of funds may be invested with foreign financial institutions, and the State Treasurer may enter into price contracts for the purchase or exchange of foreign currency or other arrangements for currency exchange in an amount not to exceed Five Hundred Thousand Dollars (\$500,000.00) upon specific direction of the Department of Economic and Community Development. The State Treasurer shall promulgate all rules and regulations for applications, qualifications and any other necessary matters for foreign financial institutions.

Any liquidating agent of a depository in liquidation, voluntary or involuntary, shall redeem from the state any bonds and securities which have been pledged to secure state funds and such redemption shall be at the par value or market value thereof, whichever is greater; otherwise, the liquidating agent or receiver may pay off the state in full for its deposits and retrieve the pledged securities without regard to par or market value.



171 The State Treasurer and the Executive Director of the
172 Department of Finance and Administration shall make monthly
173 reports to the Legislative Budget Office containing a full and
174 complete statement of all funds invested by virtue of the
175 provisions of this section and the revenues derived therefrom and
176 the expenses incurred therewith, together with all such other
177 information as may seem to each of them as being pertinent to
178 inform fully the Mississippi Legislature with reference thereto.

179 The State Treasurer shall not deposit any funds on demand
180 deposit with any authorized depository, unless such depository has
181 contracted for interest-bearing accounts or time certificates of
182 deposit.

183 Notwithstanding the foregoing, any financial institution not
184 meeting the prescribed ratio requirement set forth in Section
185 27-105-5 whose accounts are insured by the Federal Deposit
186 Insurance Corporation, or any successor to that insurance
187 corporation, may receive state funds in an amount not exceeding
188 the amount which is insured by such insurance corporations and may
189 qualify as a state depository to the extent of such insurance for
190 this purpose only. The paid-in and earned capital funds of such
191 financial institution shall not be included in the computations
192 specified in Section 27-105-9(a) and (b).

193 **SECTION 2.** This act shall take effect and be in force from
194 and after July 1, 2014.

