



January 31, 2014

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## SENATE BILL No. 183

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DIGEST OF SB 183 (Updated January 30, 2014 11:40 am - DI 73)

**Citations Affected:** IC 8-14; IC 36-1.

**Synopsis:** Investments by local governments. Provides that upon approval by the fiscal body, money in a local major moves construction fund may be invested in fixed income assets that have a credit rating of at least AA if certain requirements are met. Provides that if authorized by the fiscal body of a political subdivision and if that fiscal body makes a determination that money received from the sale of facilities or other real property represents a substantial amount of public funds, that money may be invested in fixed income assets that have a credit rating of at least AA if certain requirements are met.

**Effective:** July 1, 2014.

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**Yoder, Charbonneau, Mishler,  
Tallian**

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January 8, 2014, read first time and referred to Committee on Tax and Fiscal Policy;  
reassigned to Committee on Appropriations.  
January 30, 2014, amended, reported favorably — Do Pass.

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SB 183—LS 6527/DI 73





January 31, 2014

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

## SENATE BILL No. 183

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A BILL FOR AN ACT to amend the Indiana Code concerning local government.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 8-14-16-4, AS ADDED BY P.L.47-2006,  
2 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2014]: Sec. 4. (a) Each county, city, or town that receives a  
4 distribution under section 3 of this chapter shall establish a local major  
5 moves construction fund.  
6 (b) The fund consists of money distributed to the county, city, or  
7 town from the major moves construction fund under section 3 of this  
8 chapter.  
9 (c) The fiscal officer of the county, city, or town shall administer the  
10 fund.  
11 (d) Subject to subsection (f), the fiscal body of the county, city, or  
12 town may appropriate money in the fund for a purpose described in  
13 section 5 of this chapter. The appropriations of money in the fund must  
14 be included as a part of the annual budget for the calendar year in  
15 accordance with IC 6-1.1-17.  
16 (e) Money remaining in the fund at the end of a particular calendar

SB 183—LS 6527/DI 73



1 year remains in the fund and does not revert to any other fund.

2 (f) A county fiscal body must consult with the county executive  
3 before making an appropriation under this section.

4 **(g) In addition to any deposits or investments that may be made**  
5 **with money in the fund in accordance with IC 5-13 or any other**  
6 **applicable law and if approved by the fiscal body of the county,**  
7 **city, or town, money in the fund may also be invested in other fixed**  
8 **income assets as provided in this subsection. The following apply**  
9 **if money in the fund is invested in other fixed income assets under**  
10 **this subsection:**

11 (1) The money may be invested only in fixed income assets  
12 that have a credit rating equal to or greater than AA or its  
13 equivalent, as determined by at least two (2) nationally  
14 recognized credit rating agencies.

15 (2) Money in the fund must be invested with the care, skill,  
16 prudence, and diligence that a prudent person acting in a like  
17 capacity and familiar with such matters would use in the  
18 conduct of an enterprise of a like character with like aims.

19 (3) The investments of money in the fund must be diversified  
20 and of a credit quality that is in accordance with prudent  
21 investment standards.

22 (4) The fiscal body of the county, city, or town must establish  
23 an asset allocation plan for the fund that is consistent with the  
24 liquidity needs of the fund and with the corresponding  
25 liabilities that the assets in the fund support.

26 (5) Any contracts or agreements with investment management  
27 professionals, investment advisors, legal counsel, or  
28 custodians concerning investment of money in the fund must  
29 also be approved by the fiscal body of the county, city, or  
30 town.

31 (6) In addition to any other required reporting, the fiscal  
32 officer of the county, city, or town shall report before April 1  
33 of each year to the fiscal body and the local board of finance  
34 under IC 5-13-7 for the county, city, or town regarding the  
35 investment of money in the fund during the preceding  
36 calendar year.

37 (h) Money in the fund may not be invested in any real estate,  
38 equities, commodities, repurchase agreements that create explicit  
39 leverage in the portfolio, swaps, derivatives, fixed income assets  
40 with a credit rating of lower than AA or its equivalent, or bonds  
41 with a maturity of more than five (5) years.

42 SECTION 2. IC 36-1-8-18.5 IS ADDED TO THE INDIANA CODE



1 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
2 1, 2014]: **Sec. 18.5. (a)** This section applies to money received by a  
3 political subdivision from the sale of facilities or other real  
4 property, if the fiscal body of the political subdivision makes a  
5 determination that the money received represents a substantial  
6 amount of public funds that should be invested under this section.

7 (b) In addition to any deposits or investments that may be made  
8 with the money in accordance with IC 5-13 or any other applicable  
9 law and if the fiscal body of the political subdivision makes a  
10 determination under subsection (a), the money may also be  
11 invested in other fixed income assets as provided in this subsection.  
12 The following apply if money is invested in other fixed income  
13 assets under this subsection:

14 (1) The money may be invested only in fixed income assets  
15 that have a credit rating equal to or greater than AA or its  
16 equivalent, as determined by at least two (2) nationally  
17 recognized credit rating agencies.

18 (2) The money must be invested with the care, skill, prudence,  
19 and diligence that a prudent person acting in a like capacity  
20 and familiar with such matters would use in the conduct of an  
21 enterprise of a like character with like aims.

22 (3) The investments of the money must be diversified and of  
23 a credit quality that is in accordance with prudent investment  
24 standards.

25 (4) The fiscal body of the political subdivision must establish  
26 an asset allocation plan for the money that is consistent with  
27 the liquidity needs and liabilities of the political subdivision.

28 (5) Any contracts or agreements with investment management  
29 professionals, investment advisors, legal counsel, or  
30 custodians concerning investment of the money must also be  
31 approved by the fiscal body of the political subdivision.

32 (6) In addition to any other required reporting, the fiscal  
33 officer of the political subdivision shall report before April 1  
34 of each year to the fiscal body and the local board of finance  
35 under IC 5-13-7 for the political subdivision regarding the  
36 investment of the money under this subsection during the  
37 preceding calendar year.

38 (c) The money may not be invested under this section in any real  
39 estate, equities, commodities, repurchase agreements that create  
40 explicit leverage in the portfolio, swaps, derivatives, fixed income  
41 assets with a credit rating of lower than AA or its equivalent, or  
42 bonds with a maturity of more than five (5) years.



Report of the President  
Pro Tempore

Madam President: Pursuant to Senate Rule 68(b), I hereby report that Senate Bill 183, currently assigned to the Committee on Tax and Fiscal Policy, be reassigned to the Committee on Appropriations.

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COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 183, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 16, begin a new paragraph and insert:

"SECTION 1. IC 8-14-16-4, AS ADDED BY P.L.47-2006, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 4. (a) Each county, city, or town that receives a distribution under section 3 of this chapter shall establish a local major moves construction fund.

(b) The fund consists of money distributed to the county, city, or town from the major moves construction fund under section 3 of this chapter.

(c) The fiscal officer of the county, city, or town shall administer the fund.

(d) Subject to subsection (f), the fiscal body of the county, city, or town may appropriate money in the fund for a purpose described in section 5 of this chapter. The appropriations of money in the fund must be included as a part of the annual budget for the calendar year in accordance with IC 6-1.1-17.

(e) Money remaining in the fund at the end of a particular calendar year remains in the fund and does not revert to any other fund.

(f) A county fiscal body must consult with the county executive before making an appropriation under this section.

**(g) In addition to any deposits or investments that may be made with money in the fund in accordance with IC 5-13 or any other applicable law and if approved by the fiscal body of the county, city, or town, money in the fund may also be invested in other fixed income assets as provided in this subsection. The following apply if money in the fund is invested in other fixed income assets under**

SB 183—LS 6527/DI 73



**this subsection:**

**(1) The money may be invested only in fixed income assets that have a credit rating equal to or greater than AA or its equivalent, as determined by at least two (2) nationally recognized credit rating agencies.**

**(2) Money in the fund must be invested with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.**

**(3) The investments of money in the fund must be diversified and of a credit quality that is in accordance with prudent investment standards.**

**(4) The fiscal body of the county, city, or town must establish an asset allocation plan for the fund that is consistent with the liquidity needs of the fund and with the corresponding liabilities that the assets in the fund support.**

**(5) Any contracts or agreements with investment management professionals, investment advisors, legal counsel, or custodians concerning investment of money in the fund must also be approved by the fiscal body of the county, city, or town.**

**(6) In addition to any other required reporting, the fiscal officer of the county, city, or town shall report before April 1 of each year to the fiscal body and the local board of finance under IC 5-13-7 for the county, city, or town regarding the investment of money in the fund during the preceding calendar year.**

**(h) Money in the fund may not be invested in any real estate, equities, commodities, repurchase agreements that create explicit leverage in the portfolio, swaps, derivatives, fixed income assets with a credit rating of lower than AA or its equivalent, or bonds with a maturity of more than five (5) years.**

SECTION 2. IC 36-1-8-18.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 18.5. (a) This section applies to money received by a political subdivision from the sale of facilities or other real property, if the fiscal body of the political subdivision makes a determination that the money received represents a substantial amount of public funds that should be invested under this section.**

**(b) In addition to any deposits or investments that may be made with the money in accordance with IC 5-13 or any other applicable law and if the fiscal body of the political subdivision makes a**



determination under subsection (a), the money may also be invested in other fixed income assets as provided in this subsection. The following apply if money is invested in other fixed income assets under this subsection:

(1) The money may be invested only in fixed income assets that have a credit rating equal to or greater than AA or its equivalent, as determined by at least two (2) nationally recognized credit rating agencies.

(2) The money must be invested with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.

(3) The investments of the money must be diversified and of a credit quality that is in accordance with prudent investment standards.

(4) The fiscal body of the political subdivision must establish an asset allocation plan for the money that is consistent with the liquidity needs and liabilities of the political subdivision.

(5) Any contracts or agreements with investment management professionals, investment advisors, legal counsel, or custodians concerning investment of the money must also be approved by the fiscal body of the political subdivision.

(6) In addition to any other required reporting, the fiscal officer of the political subdivision shall report before April 1 of each year to the fiscal body and the local board of finance under IC 5-13-7 for the political subdivision regarding the investment of the money under this subsection during the preceding calendar year.

(c) The money may not be invested under this section in any real estate, equities, commodities, repurchase agreements that create explicit leverage in the portfolio, swaps, derivatives, fixed income assets with a credit rating of lower than AA or its equivalent, or bonds with a maturity of more than five (5) years."

Delete pages 2 through 4.

and when so amended that said bill do pass.

(Reference is to SB 183 as introduced.)

KENLEY, Chairperson

Committee Vote: Yeas 10, Nays 0.

SB 183—LS 6527/DI 73

