

SENATE BILL NO. 113

INTRODUCED BY J. SESSO

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS TO PERMIT LONG-TERM INVESTMENT OF LOCAL GOVERNMENT FUNDS WITH THE BOARD OF INVESTMENTS; PROVIDING CRITERIA AND CONDITIONS FOR LONG-TERM INVESTMENT OF LOCAL GOVERNMENT FUNDS; AMENDING SECTIONS 17-6-204 AND 20-15-403, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Long-term investment of local government funds.** (1) The governing body of any city, county, school district, or other local government unit or political subdivision may participate in the various investment pools or other investments offered by the board of investments not otherwise prohibited by law.

- (2) A local government may invest with the board of investments under this section if:
 - (a) the source of the original principal for investment with the board is from an identifiable action or event such as a legal settlement, judgment, bequest, insurance settlement, trust fund, or other one-time source of funds;
 - (b) the local government does not anticipate the need to expend 50% or more of the original principal for investment within 5 years from the initial investment with the board;
 - (c) the initial investment is at least \$10 million; and
 - (d) the local government agrees to the board's investment policies, including those addressing liquidity needs, risk and return considerations, asset allocation, permissible investments, and any other necessary investment considerations or limits.

(3) The board of investments is not obligated to accept any funds for investment under this section. No local government is obligated to invest with the board under this section.

Section 2. Section 17-6-204, MCA, is amended to read:

"17-6-204. Investment Short-term investment of local government funds. (1) The governing body of any city, county, school district, or other local government unit or political subdivision that has funds that are



1 available for investment and are not required by law or by any covenant or agreement with bondholders or others
 2 to be segregated and invested in a different manner may direct its treasurer to remit the funds to the state
 3 treasurer for investment under the direction of the board of investments as part of the short-term pooled
 4 investment fund.

5 (2) A separate account, designated by name and number for each participant in the fund, must be kept
 6 to record individual transactions and totals of all investments belonging to each participant. A monthly report must
 7 be furnished to each participant having a beneficial interest in the short-term pooled investment fund, showing
 8 the changes in investments made during the preceding month. Details of any investment transaction must be
 9 furnished to any participant upon request.

10 (3) The principal and accrued income, and any part of that amount, of each account maintained for a
 11 participant in the short-term pooled investment fund is subject to payment at any time from the fund upon request.
 12 Accumulated income must be remitted to each participant at least annually.

13 (4) An order or warrant may not be issued upon any account for a larger amount than the principal and
 14 accrued income of the account to which it applies. If any order or warrant is issued, the participant receiving it
 15 shall reimburse the excess amount to the fund from any funds not otherwise appropriated. The state treasurer
 16 is liable under the treasurer's official bond for any amount not reimbursed."

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18 **Section 3.** Section 20-15-403, MCA, is amended to read:

19 **"20-15-403. Applications of other school district provisions.** (1) When the term "school district"
 20 appears in the following sections outside of Title 20, the term includes community college districts and the
 21 provisions of those sections applicable to school districts apply to community college districts: 2-9-101, 2-9-111,
 22 2-9-316, 2-16-114, 2-16-602, 2-16-614, 2-18-703, 7-3-1101, 7-6-2604, 7-6-2801, 7-7-123, 7-8-2214, 7-8-2216,
 23 7-11-103, 7-12-4106, 7-13-110, 7-15-4206, 10-1-703, 15-1-101, 15-6-204, 15-16-101, 15-16-605, 15-70-301,
 24 17-5-101, 17-5-202, 17-6-103, 17-6-204, [section 1], 17-6-213, 17-7-201, 18-1-201, 18-2-101, 18-2-103,
 25 18-2-113, 18-2-114, 18-2-401, 18-2-404, 18-2-432, 18-5-205, 19-1-102, 19-1-811, 19-20-302, 22-1-309,
 26 25-1-402, 27-18-406, 33-20-1104, 39-3-104, 39-4-107, 39-31-103, 39-31-304, 39-71-116, 39-71-117, 39-71-2106,
 27 40-6-237, 49-3-101, 49-3-102, 50-71-112, 52-2-617, 53-20-304, 82-10-201 through 82-10-203, 85-7-2158, and
 28 90-6-208 and Rules 4(k) and 15(c), M.R.Civ.P., as amended.

29 (2) When the term "school district" appears in a section outside of Title 20 but the section is not listed
 30 in subsection (1), the school district provision does not apply to a community college district."

