

HOUSE BILL 1114

By Faison

AN ACT to amend Tennessee Code Annotated, Title 9 and Title 70, relative to authorizing the investment of state funds in obligations that are guaranteed by the United States government as to principal and interest.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 9, Chapter 4, Part 6, is amended by adding the following as a new section:

**9-4-612.**

(a) Notwithstanding any requirement of this part, or any other law to the contrary, on and after the effective date of this act, the state treasurer may, in the state treasurer's sole discretion, invest money in the custody of any officer or officers of the state, which is otherwise required to be invested pursuant to § 9-4-603 or § 9-4-608, pursuant to this section, if the state officer or officers who have custody of the money request that the money be invested pursuant to this section.

(b) Investments made pursuant to this section are not subject to § 9-4-602.

(c) The authorized instruments for investment under this section shall be bonds, notes, and treasury bills of the United States or any other obligations guaranteed as to principal and interest by the United States or any of its agencies.

(d) Investments made pursuant to this section shall not be pooled, and each investor will bear the capital gains, income, and losses for that investor's investment.

(e) The state treasurer shall keep a separate account, designated by name and number of each investor. Individual transactions and totals of all investments belonging to each investor shall be recorded in the accounts.

(f) The state treasurer shall report monthly to every investor under this section. The report shall show any changes in investments made during the preceding month.

(g) The state treasurer shall establish a revolving account, under the state treasurer's custody, to defray administrative costs, investment costs, and any other expenses associated with investments made pursuant to this section. The state treasurer may deduct from each investor's earnings, a reasonable charge for administering the investor's investment. In the event that the state treasurer does deduct an administrative fee, it shall be deposited and expended through the revolving account.

(h)

(1) Subject to subdivision (h)(2), at any time, an investor may request the return of the investor's principal investment or investment income or both; however, a redemption of the investment does not guarantee that an investor will receive the entire amount of the principal investment or investment income or both.

(2) In any case where an investor requests the return of an investment that will require liquidation of the investment prior to the investment reaching full maturity, the liquidation and return of the investment shall not be made unless the state treasurer approves the liquidation of the investment.

SECTION 2. Tennessee Code Annotated, Section 70-1-503, is amended by deleting the first sentence in the section and substituting the following:

Moneys shall be invested pursuant to law, including, but not limited to, § 9-4-612, for the benefit of the fund.

SECTION 3. Tennessee Code Annotated, Section 70-8-110(c)(2), is amended by deleting the language "§ 9-4-603" and substituting the language "§ 9-4-603, § 9-4-608, or § 9-4-612".

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.