

HOUSE BILL 1787

By Baum

AN ACT to amend Tennessee Code Annotated, Title 5, Chapter 8, Part 3; Title 6, Chapter 56, Part 1 and Title 7, Chapter 82, relative to authorized investments of local governments.

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

SECTION 1. Tennessee Code Annotated, Section 5-8-301(b)(5)(B), is amended by deleting the subdivision and substituting instead:

(B) Funds invested pursuant to this subdivision (b)(5) must be invested only in bonds rated A or higher by any nationally recognized statistical rating organization as identified by the United States securities and exchange commission.

SECTION 2. Tennessee Code Annotated, Section 5-8-301(b)(6), is amended by deleting the subdivision and substituting instead:

(6) Nonconvertible debt securities of the following federal government-sponsored enterprises that are chartered by the United States congress; provided, that the securities are rated equal to or higher than bonds, notes, or treasury bills of the United States by at least two (2) rating services that are nationally recognized statistical rating organizations as identified by the United States securities and exchange commission:

- (A) The federal home loan bank;
- (B) The federal national mortgage association;
- (C) The federal farm credit bank;
- (D) The federal home loan mortgage corporation; and

(E) Any other obligations that are guaranteed as to principal and interest by the United States or any of its agencies; and

SECTION 3. Tennessee Code Annotated, Section 5-8-301(d)(1)(B), is amended by deleting the subdivision and substituting instead:

(B) Prime commercial paper that is rated at least A1 or equivalent by at least two (2) nationally recognized statistical rating organizations as identified by the United States securities and exchange commission.

SECTION 4. Tennessee Code Annotated, Section 5-8-301(d)(2)(A), is amended by deleting the subdivision and substituting instead:

(A) Such paper shall be rated in the highest category by at least two (2) nationally recognized statistical rating organizations as identified by the United States securities and exchange commission.

SECTION 5. Tennessee Code Annotated, Section 6-56-106(a)(2), is amended by deleting the subdivision and substituting instead:

(2) Nonconvertible debt securities of the following federal government-sponsored enterprises that are chartered by the United States congress; provided, that such securities are rated equal to or higher than bonds, notes, or treasury bills of the United States by at least two (2) nationally recognized statistical rating organizations as identified by the United States securities and exchange commission:

- (A) The federal home loan bank;
- (B) The federal national mortgage association;
- (C) The federal farm credit bank; and
- (D) The federal home loan mortgage corporation;

SECTION 6. Tennessee Code Annotated, Section 6-56-106(a)(7)(A)(ii), is amended by deleting the subdivision and substituting instead:

(ii) Prime commercial paper that is rated at least A1 or equivalent by at least two (2) nationally recognized statistical rating organizations as identified by the United States securities and exchange commission;

SECTION 7. Tennessee Code Annotated, Section 6-56-106(a)(7)(B)(i), is amended by deleting the subdivision and substituting instead:

(i) Such paper shall be rated in the highest category by at least two (2) nationally recognized statistical rating organizations as identified by the United States securities and exchange commission;

SECTION 8. Tennessee Code Annotated, Section 6-56-106(c)(1)(A), is amended by deleting the subdivision and substituting instead:

(A) Are rated in either of the two (2) highest-rated categories by any nationally recognized statistical rating organization as identified by the United States securities and exchange commission;

SECTION 9. Tennessee Code Annotated, Section 7-82-108(a)(1)(B), is amended by deleting the subdivision and substituting instead:

(B) Nonconvertible debt securities of the following federal government-sponsored enterprises; provided, that the securities are rated equal to or higher than bonds, notes, or treasury bills of the United States by at least two (2) nationally recognized statistical rating organizations as identified by the United States securities and exchange commission:

- (i) The federal home loan bank;
- (ii) The federal national mortgage association;
- (iii) The federal farm credit bank; and
- (iv) The federal home loan mortgage corporation;

SECTION 10. Tennessee Code Annotated, Section 7-82-108(b)(1)(A)(i), is amended by deleting the subdivision and substituting instead:

(i) Are rated in either of the two (2) highest rating categories by any nationally recognized statistical rating organization as identified by the United States securities and exchange commission;

SECTION 11. Tennessee Code Annotated, Section 7-82-108(b)(1)(B)(i), is amended by deleting the subdivision in its entirety and substituting instead the following:

(i) Are rated in the two (2) highest rating categories by any nationally recognized statistical rating organization as identified by the United States securities and exchange commission;

SECTION 12. This act takes effect upon becoming a law, the public welfare requiring it.