



# State of Tennessee

## PUBLIC CHAPTER NO. 752

HOUSE BILL NO. 1707

By Representatives Wirgau, Byrd, Lamberth

Substituted for: Senate Bill No. 2684

By Senators Bailey, Yager, Stevens

AN ACT to amend Tennessee Code Annotated, Title 9, Chapter 4, relative to eligible collateral pledged by a state depository for public funds.

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

SECTION 1. Tennessee Code Annotated, Section 9-4-103(8), is amended by deleting the language "provided, that such collateral shall not include state or municipal bonds from other states or from municipalities in other states;".

SECTION 2. Tennessee Code Annotated, Section 9-4-103, is amended by adding the following as a new, appropriately designated subdivision:

( ) State or municipal bonds from other states or from municipalities in other states; provided, that:

(A) The bond meets the definition of "qualified tax-exempt obligation" as defined in Section 265(b)(3) of the Internal Revenue Code of 1986 (26 U.S.C. § 265(b)(3));

(B) The bond is rated AA-, Aa3, or a higher rating by a nationally recognized bond rating service;

(C) The bond is not a structured debt instrument; and

(D) If the bond is downgraded below the minimum rating, the state depository shall substitute other eligible collateral or otherwise meet the required collateral levels within two (2) working days.

SECTION 3. This act shall take effect July 1, 2018, the public welfare requiring it.

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PASSED: April 2, 2018

  
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BETH HARWELL, SPEAKER  
HOUSE OF REPRESENTATIVES

  
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RANDY MCNALLY  
SPEAKER OF THE SENATE

APPROVED this 18<sup>th</sup> day of April 2018

  
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BILL HASLAM, GOVERNOR