
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1296 Session of
2015

INTRODUCED BY HARPER, JAMES, MURT, FEE, MILLARD, RADER, TOOHL,
ZIMMERMAN, COHEN AND EVERETT, JUNE 8, 2015

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, JUNE 8, 2015

AN ACT

1 Amending the act of July 25, 1973 (P.L.217, No.53), entitled "An
2 act authorizing cities of the first class and second class to
3 invest all funds received and deposited with the city
4 treasurer in certain commercial paper under certain terms and
5 conditions," providing for investment of public corporation
6 or authority funds.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. The act of July 25, 1973 (P.L.217, No.53),
10 entitled "An act authorizing cities of the first class and
11 second class to invest all funds received and deposited with the
12 city treasurer in certain commercial paper under certain terms
13 and conditions," is amended by adding a section to read:

14 Section 1.1. (a) In addition to products otherwise
15 authorized by law, a public corporation or municipal authority
16 may invest and reinvest money of the public corporation or
17 municipal authority in any of the following financial products:

18 (1) Obligations, participations or other instruments of any
19 Federal agency, instrumentality or United States government-
20 sponsored enterprise, including those issued or fully guaranteed

1 as the principal and interest by Federal agencies,
2 instrumentalities or United States government-sponsored
3 enterprises, if the debt obligations are rated at least "A" or
4 its equivalent by at least two nationally recognized statistical
5 ratings organizations.

6 (2) Repurchase agreements with respect to United States
7 Treasury bills or obligations, participations or other
8 instruments of or guaranteed by the United States or any Federal
9 agency, instrumentality or United States government- sponsored
10 enterprise.

11 (3) Negotiable certificates of deposit or other evidences of
12 deposit, with a remaining maturity of three years or less,
13 issued by a nationally or State-chartered bank, a Federal or
14 State savings and loan association or a State-licensed branch of
15 a foreign bank. For obligations with a maturity of one year or
16 less, the debt obligations of the issuing institution or its
17 parent must be rated in the top short-term rating category by at
18 least two nationally recognized statistical ratings
19 organizations. For obligations with a maturity in excess of one
20 year, the senior debt obligations of the issuing institution or
21 its parent must be rated at least "A" or its equivalent by at
22 least two nationally recognized statistical ratings
23 organizations.

24 (4) Bills of exchange or time drafts drawn on and accepted
25 by a commercial bank, otherwise known as bankers' acceptances,
26 if the bankers' acceptances do not exceed 180 days' maturity and
27 the accepting bank is rated in the top short-term category by at
28 least two nationally recognized statistical ratings
29 organizations.

30 (5) Commercial paper issued by corporations or other

1 business entities organized in accordance with Federal or State
2 law, with a maturity not to exceed two hundred seventy days, if
3 the issuing corporation or business entity is rated in the top
4 short-term category by at least two nationally recognized
5 statistical ratings organizations.

6 (6) Shares of an investment company registered under the
7 Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. § 80a-1
8 et seq.) whose shares are registered under the Securities Act of
9 1933 (48 Stat. 74, 15 U.S.C. § 77a et seq.), if all of the
10 following conditions are met:

11 (i) The investments of the company are the authorized
12 investments under this subsection.

13 (ii) The investment company is managed in accordance with 17
14 CFR 270.2a-7 (relating to money market funds).

15 (iii) The investment company is rated in the highest
16 category by a nationally recognized rating agency.

17 (7) Deposits placed in accordance with the following
18 conditions:

19 (i) The money is initially invested through a federally
20 insured institution having a place of business in the
21 Commonwealth, which is selected by the public corporation or
22 municipal authority.

23 (ii) The selected institution arranges for the redeposit of
24 the money in deposits in one or more financial institutions
25 insured by the Federal Deposit Insurance Corporation, for the
26 account of the public corporation or municipal authority.

27 (iii) The full amount of principal and any accrued interest
28 of each such deposit is insured by the Federal Deposit Insurance
29 Corporation.

30 (iv) On the same date that the money is redeposited pursuant

1 to paragraph (ii), the selected institution receives an amount
2 of deposits from customers of other financial institutions equal
3 to or greater than the amount of money initially invested
4 through the selected institution by the public corporation or
5 municipal authority.

6 (b) Nothing in subsection (a) shall be construed to
7 supersede or preempt other investment powers of public
8 corporations or municipal authorities as authorized by law.

9 (c) (1) Each local government investment trust or local
10 government investment pool that invests funds as provided for
11 under this section shall file with the Department of Community
12 and Economic Development, within one hundred twenty days of
13 completion of its fiscal year, an annual investment report for
14 the previous fiscal year. The report shall be made available to
15 the public, upon request, during normal business hours. Nothing
16 may prohibit the posting of the report on the Internet.

17 (2) The report shall provide all of the following:

18 (i) A listing of each investment authorized by this section
19 that was purchased during the fiscal year.

20 (ii) For each investment purchased, the listing must show
21 the issuer, date of purchase, maturity date, par amount, cost,
22 yield to maturity at the time of purchase, broker/dealer from
23 which the investment was purchased, if applicable, any
24 separately stated fees related to the purchase of the investment
25 and the name of the party receiving the fee.

26 (d) As used in this section, the following words and phrases
27 shall have the meanings given to them in this subsection unless
28 the context clearly indicates otherwise:

29 "Local government investment trust" or "local government
30 investment pool" shall mean a trust or pool offered by the State

1 Treasurer or multiple public corporations or municipal
2 authorities, governed by a board of directors or board of
3 trustees for the exclusive benefit of the participating public
4 corporations or municipal authorities.

5 "Public corporation" shall have the same meaning as given to
6 it in section 1 of the act of May 16, 1929 (P.L.1773, No.581),
7 entitled, "An act to supplement an act approved the twentieth
8 day of April, one thousand eight hundred and seventy-four
9 (Pamphlet Laws, sixty-five), entitled 'An act to regulate the
10 manner of increasing the indebtedness of municipalities; to
11 provide for the redemption of the same; and to impose penalties
12 for illegal increase thereof,' by authorizing the sale of
13 property purchased by a public corporation out of funds provided
14 by increase of indebtedness of such corporation; and providing
15 for the disposition of the funds realized from such sale."

16 Section 2. This act shall take effect in 60 days.