

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

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, JULY 22, 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-

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

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

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

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

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

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

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

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

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

18 (7) SAVINGS OR demand deposits placed in accordance with the <--
19 following conditions:

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

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

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

1 Corporation.

2 (iv) On the same date that the money is redeposited pursuant
3 to paragraph (ii), the selected institution receives an amount
4 of deposits from customers of other financial institutions equal
5 to or greater than the amount of money initially invested
6 through the selected institution by the public corporation or
7 municipal authority.

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

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

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

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

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

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

1 "Local government investment trust" or "local government
2 investment pool" shall mean a trust or pool offered by the State
3 Treasurer or multiple public corporations or municipal
4 authorities, governed by a board of directors or board of
5 trustees for the exclusive benefit of the participating public
6 corporations or municipal authorities.

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

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