

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

SENATOR HUTCHINSON, LOCAL GOVERNMENT, IN SENATE, AS AMENDED, NOVEMBER 18, 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," AMENDING THE TITLE OF THE ACT; AND providing for <--
6 investment of public corporation 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. THE TITLE OF THE ACT OF JULY 25, 1973 (P.L.217, <--
15 NO.53), ENTITLED "AN ACT AUTHORIZING CITIES OF THE FIRST CLASS
16 AND SECOND CLASS TO INVEST ALL FUNDS RECEIVED AND DEPOSITED WITH
17 THE CITY TREASURER IN CERTAIN COMMERCIAL PAPER UNDER CERTAIN
18 TERMS AND CONDITIONS," IS AMENDED TO READ:

19 AN ACT

1 AUTHORIZING CITIES OF THE FIRST CLASS AND SECOND CLASS TO INVEST
2 ALL FUNDS RECEIVED AND DEPOSITED WITH THE CITY TREASURER IN
3 CERTAIN COMMERCIAL PAPER UNDER CERTAIN TERMS AND CONDITIONS;
4 AND PROVIDING FOR INVESTMENT OF PUBLIC CORPORATION OR
5 MUNICIPAL AUTHORITY FUNDS.

6 SECTION 1.1. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

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

11 (1) Obligations, participations or other instruments of any
12 Federal agency, instrumentality or United States government-
13 sponsored enterprise, including those issued or fully guaranteed
14 as the principal and interest by Federal agencies,
15 instrumentalities or United States government-sponsored
16 enterprises, if the debt obligations are rated at least "A" or
17 its equivalent by at least two nationally recognized statistical
18 ratings organizations.

19 (2) Repurchase agreements with respect to United States
20 Treasury bills or obligations, participations or other
21 instruments of or guaranteed by the United States or any Federal
22 agency, instrumentality or United States government-sponsored
23 enterprise.

24 (3) Negotiable certificates of deposit or other evidences of
25 deposit, with a remaining maturity of three years or less,
26 issued by a nationally or State-chartered bank, a Federal or
27 State savings and loan association or a State-licensed branch of
28 a foreign bank. For obligations with a maturity of one year or
29 less, the debt obligations of the issuing institution or its
30 parent must be rated in the top short-term rating category by at

1 least two nationally recognized statistical ratings
2 organizations. For obligations with a maturity in excess of one
3 year, the senior debt obligations of the issuing institution or
4 its parent must be rated at least "A" or its equivalent by at
5 least two nationally recognized statistical ratings
6 organizations.

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

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

19 (6) Shares of an investment company registered under the
20 Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. § 80a-1
21 et seq.) whose shares are registered under the Securities Act of
22 1933 (48 Stat. 74, 15 U.S.C. § 77a et seq.), if all of the
23 following conditions are met:

24 (i) The investments of the company are the authorized
25 investments under this subsection.

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

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

30 (7) Savings or demand deposits placed in accordance with the

1 following conditions:

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

6 (ii) The selected institution arranges for the redeposit of
7 the money in savings or demand deposits in one or more financial
8 institutions insured by the Federal Deposit Insurance
9 Corporation, for the account of the public corporation or
10 municipal authority.

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

14 (iv) On the same date that the money is redeposited pursuant
15 to paragraph (ii), the selected institution receives an amount
16 of deposits from customers of other financial institutions equal
17 to or greater than the amount of money initially invested
18 through the selected institution by the public corporation or
19 municipal authority.

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

23 (c) (1) Each local government investment trust or local
24 government investment pool that invests funds as provided for
25 under this section shall file with the Department of Community
26 and Economic Development, within one hundred twenty days of
27 completion of its fiscal year, an annual investment report for
28 the previous fiscal year. The report shall be made available to
29 the public, upon request, during normal business hours. Nothing
30 may prohibit the posting of the report on the Internet.

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

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

4 (ii) For each investment purchased, the listing must show
5 the issuer, date of purchase, maturity date, par amount, cost,
6 yield to maturity at the time of purchase, broker/dealer from
7 which the investment was purchased, if applicable, any
8 separately stated fees related to the purchase of the investment
9 and the name of the party receiving the fee.

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

13 "Local government investment trust" or "local government
14 investment pool" shall mean a trust or pool offered by the State
15 Treasurer or multiple public corporations or municipal
16 authorities, governed by a board of directors or board of
17 trustees for the exclusive benefit of the participating public
18 corporations or municipal authorities.

19 "Public corporation" shall have the same meaning as given to
20 it in section 1 of the act of May 16, 1929 (P.L.1773, No.581),
21 entitled, "An act to supplement an act approved the twentieth
22 day of April, one thousand eight hundred and seventy-four
23 (Pamphlet Laws, sixty-five), entitled 'An act to regulate the
24 manner of increasing the indebtedness of municipalities; to
25 provide for the redemption of the same; and to impose penalties
26 for illegal increase thereof,' by authorizing the sale of
27 property purchased by a public corporation out of funds provided
28 by increase of indebtedness of such corporation; and providing
29 for the disposition of the funds realized from such sale."

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