

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1430 Session of  
2010

INTRODUCED BY BROWNE, PILEGGI, SCARNATI AND CORMAN,  
JUNE 28, 2010

REFERRED TO FINANCE, JUNE 28, 2010

AN ACT

1 Amending the act of April 9, 1929 (P.L.343, No.176), entitled,  
2 as amended, "An act relating to the finances of the State  
3 government; providing for the settlement, assessment,  
4 collection, and lien of taxes, bonus, and all other accounts  
5 due the Commonwealth, the collection and recovery of fees and  
6 other money or property due or belonging to the Commonwealth,  
7 or any agency thereof, including escheated property and the  
8 proceeds of its sale, the custody and disbursement or other  
9 disposition of funds and securities belonging to or in the  
10 possession of the Commonwealth, and the settlement of claims  
11 against the Commonwealth, the resettlement of accounts and  
12 appeals to the courts, refunds of moneys erroneously paid to  
13 the Commonwealth, auditing the accounts of the Commonwealth  
14 and all agencies thereof, of all public officers collecting  
15 moneys payable to the Commonwealth, or any agency thereof,  
16 and all receipts of appropriations from the Commonwealth,  
17 authorizing the Commonwealth to issue tax anticipation notes  
18 to defray current expenses, implementing the provisions of  
19 section 7(a) of Article VIII of the Constitution of  
20 Pennsylvania authorizing and restricting the incurring of  
21 certain debt and imposing penalties; affecting every  
22 department, board, commission, and officer of the State  
23 government, every political subdivision of the State, and  
24 certain officers of such subdivisions, every person,  
25 association, and corporation required to pay, assess, or  
26 collect taxes, or to make returns or reports under the laws  
27 imposing taxes for State purposes, or to pay license fees or  
28 other moneys to the Commonwealth, or any agency thereof,  
29 every State depository and every debtor or creditor of the  
30 Commonwealth," in the Treasury Department, further providing  
31 for investment.

32 The General Assembly of the Commonwealth of Pennsylvania

1 hereby enacts as follows:

2 Section 1. Section 301.1(i) of the act of April 9, 1929  
3 (P.L.343, No.176), known as The Fiscal Code, amended July 4,  
4 2008 (P.L.629, No.53), is amended to read:

5 Section 301.1. Investment of Moneys.--\* \* \*

6 (i) (1) Notwithstanding subsections (a) through (h), the  
7 Treasury Department shall have the exclusive management and full  
8 power to invest and reinvest the moneys of any fund as shall be  
9 accumulated beyond the ordinary needs of the various funds and  
10 which are not authorized by law to be invested by any board,  
11 commission or State officer, subject, however, to the prudent  
12 investor standard.

13 (1.1) When investing, reinvesting, purchasing, acquiring,  
14 exchanging, selling or managing public funds, the Treasury  
15 Department shall act as a fiduciary with care, skill, prudence  
16 and diligence under the circumstances then prevailing,  
17 specifically including, but not limited to, the general economic  
18 conditions and the anticipated needs of the funds, that a  
19 prudent person acting in a like capacity and with familiarity  
20 with those matters would use in the conduct of funds of a like  
21 character and with like objectives. The following shall apply:

22 (i) The primary objective of the Treasury Department shall  
23 be to safeguard the principal of the funds. The secondary  
24 objective shall be to meet the liquidity needs of the funds. The  
25 third objective shall be to achieve a return on the funds.

26 (ii) The prudent investor standard embraces the duty of  
27 loyalty whereby actions must be in accordance with the sole  
28 purpose doctrine to accomplish the prudent investor objectives  
29 and not in pursuit of other objectives except as otherwise  
30 provided by statute.

1 (iii) The prudent investor standard embraces the duty to  
2 monitor the ongoing circumstances of investments for ongoing  
3 appropriateness of investments to meet the prudent investor  
4 objectives.

5 (iv) The Treasury Department shall have the power and  
6 authority to invest in securities subject to the then prevailing  
7 standards that institutional investors employ in the context of  
8 investment decisions made with consideration of fiduciary  
9 standards.

10 (v) The Treasury Department shall maintain and publish a  
11 list of prohibited investments within its investment policy.

12 (2) The authority to invest or reinvest the moneys of any  
13 fund pursuant to this subsection shall expire December 31,  
14 [2010] 2014. The Treasury Department may maintain investments  
15 pursuant to this subsection which are in existence on the  
16 expiration date in this paragraph for not more than two years  
17 following such expiration date.

18 Section 2. This act shall take effect immediately.