

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1297 Session of 2008

INTRODUCED BY BROWNE, WOZNIAK, RAFFERTY, M. WHITE, FONTANA, WAUGH, TOMLINSON, C. WILLIAMS, FUMO, EARLL, BAKER, WONDERLING, MUSTO, COSTA, PIPPY, RHOADES, ARMSTRONG AND WASHINGTON, FEBRUARY 26, 2008

SENATOR ARMSTRONG, APPROPRIATIONS, RE-REPORTED AS AMENDED, MAY 7, 2008

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," further providing for the expiration of
31 provisions relating to prudent investments; PROVIDING FOR

1 AUDIT OF SECURITIES DEPOSITED WITH STATE TREASURER; AND
2 MAKING A RELATED REPEAL.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Section 301.1(i) of the act of April 9, 1929
6 (P.L.343, No.176), known as The Fiscal Code, amended November 9,
7 2006 (P.L.1335, No.138), is amended to read:

8 Section 301.1. Investment of Moneys.--* * *

9 (i) (1) Notwithstanding subsections (a) through (h), the
10 Treasury Department shall have the exclusive management and full
11 power to invest and reinvest the moneys of any fund as shall be
12 accumulated beyond the ordinary needs of the various funds and
13 which are not authorized by law to be invested by any board,
14 commission or State officer, subject, however, to the exercise
15 of that degree of judgment and care under the circumstances then
16 prevailing which persons of prudence, discretion and
17 intelligence who are familiar with such matters exercise in the
18 management of their own affairs not in regard to speculation but
19 in regard to the permanent disposition of the funds, considering
20 the probable income to be derived therefrom as well as the
21 probable safety of their capital. The Treasury Department shall
22 have the power to hold, purchase, sell, assign, transfer and
23 dispose of any securities, including equity securities and
24 mutual funds consisting in whole or in part of equity
25 securities, and investments in any such fund as well as the
26 proceeds of such investments and of the money belonging to any
27 such fund. The Treasury Department shall, through the Governor,
28 submit to the General Assembly annually, at the same time the
29 Treasury Department submits its budget covering administrative
30 expenses, a report identifying the nature and amount of all

1 existing investments made pursuant to this section.

2 (2) The authority to invest or reinvest the moneys of any
3 fund pursuant to this subsection shall expire [December 31,
4 2008] December 31, 2010. The Treasury Department may maintain
5 investments pursuant to this subsection which are in existence
6 on the expiration date in this paragraph for not more than two
7 years following such expiration date.

8 SECTION 2. THE ACT IS AMENDED BY ADDING A SECTION TO READ: <—

9 SECTION 409. AUDIT OF SECURITIES DEPOSITED WITH STATE
10 TREASURER.--(A) THE AUDITOR GENERAL, THROUGH SUCH AGENTS AS HE
11 MAY SELECT, SHALL PERFORM AN ANNUAL AUDIT OF THE BONDS, STOCKS,
12 MORTGAGES, OR OTHER SECURITIES, WHICH ARE DEPOSITED WITH THE
13 STATE TREASURER IN WHATEVER CAPACITY, AND SHALL AUDIT THE BOOKS
14 IN WHICH A RECORD IS KEPT OF SUCH BONDS, STOCKS, MORTGAGES, OR
15 OTHER SECURITIES; AND, FOR THIS PURPOSE, THE AUDITOR GENERAL MAY
16 EMPLOY SUCH CONSULTANTS, EXPERTS, ACCOUNTANTS, OR INVESTIGATORS
17 AS HE MAY DEEM ADVISABLE. THE AUDIT MAY BE CONDUCTED
18 INDEPENDENTLY OR AS PART OF ANY OTHER ANNUAL AUDIT OR AUDITS
19 CONDUCTED BY THE AUDITOR GENERAL.

20 (B) THE STATE TREASURER SHALL, WHENEVER DEMAND IS MADE UPON
21 HIM BY THE AUDITOR GENERAL, SUBMIT FOR THE AUDIT OF THE AUDITOR
22 GENERAL, OR HIS AGENTS, ALL RECORDS IN HIS POSSESSION RELATING
23 TO SUCH BONDS, STOCKS, MORTGAGES, OR OTHER SECURITIES, INCLUDING
24 SUCH RECORDS IN THE POSSESSION OF ANY CUSTODIAN OR SUBCUSTODIAN
25 ENGAGED BY HIM REGARDING SUCH SECURITIES, AND HIS FAILURE SO TO
26 DO SHALL DISQUALIFY HIM FROM HOLDING THE OFFICE OF STATE
27 TREASURER.

28 SECTION 3. REPEALS ARE AS FOLLOWS:

29 (1) THE GENERAL ASSEMBLY DECLARES THAT THE REPEAL UNDER
30 PARAGRAPH (2) IS NECESSARY TO EFFECTUATE THE ADDITION OF

1 SECTION 409 OF THE ACT.

2 (2) THE ACT OF MAY 21, 1923 (P.L.288, NO.184), ENTITLED
3 "AN ACT TO BETTER SECURE ALL BONDS, STOCKS, MORTGAGES, OR
4 OTHER SECURITIES DEPOSITED WITH THE STATE TREASURER, BY
5 PROVIDING FOR THEIR INSPECTION, EXAMINATION, AND
6 VERIFICATION, AND THE VERIFICATION OF THE BOOKS, CONTAINING A
7 RECORD OF SUCH BONDS, STOCKS, MORTGAGES, OR OTHER SECURITIES,
8 BY THE AUDITOR GENERAL OR HIS AGENTS," IS REPEALED.

9 Section ~~2~~ 4. This act shall take effect immediately.

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