

State of Arkansas
91st General Assembly
Regular Session, 2017

A Bill

HOUSE BILL 1464

By: Representative Collins
By: Senator Rapert

For An Act To Be Entitled

AN ACT TO AMEND PROVISIONS CONCERNING THE STATE
TREASURY MONEY MANAGEMENT TRUST; TO DECLARE AN
EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND PROVISIONS CONCERNING THE STATE
TREASURY MONEY MANAGEMENT TRUST; AND TO
DECLARE AN EMERGENCY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code §§ 19-3-602 – 19-3-606 are amended to read as follows:

19-3-602. Purpose.

The purpose of this subchapter is to create the State Treasury Money ~~Trust~~ Management ~~Fund~~ Trust administered by the Treasurer of State for the deposit of moneys ~~not currently needed~~ in order to permit the joint investment of participants' money so as to enhance investment opportunities and earnings.

19-3-603. Definitions – Authorized deposits.

Any entity listed below may deposit money to the State Treasury Money ~~Trust~~ Management ~~Fund~~ Trust for the purpose of investment:

- (1) State agency's cash funds as defined in § 19-4-801;
- (2) Local governments:
 - (A) Any city, county, school district, or community



college district of this state; and

(B) Any department, instrumentality, or agency of these entities; and

(3) The Treasurer of State may invest in the State Treasury Money ~~Trust~~ Management ~~Fund~~ Trust to the extent State Treasury funds are not being utilized for certificates of deposit under the State Treasury Certificate of Deposit Investment Program or for trust certificates of deposit pursuant to the State Treasury Management Law, § 19-3-501 et seq.

19-3-604. Fund provisions.

(a) The investment policy and all other policies, documents, rules, and procedures established or approved by the State Board of Finance under § 19-3-701 et seq. apply to the administration of this subchapter by the Treasurer of State.

(b)~~(1)~~ The Treasurer of State may invest or deposit funds ~~in~~ securities in the State Treasury Money Management Trust as authorized in § 19-3-518.

~~(2) Funds invested will be collateralized to one hundred two percent (102%) with cash or obligations of the United States Government.~~

(c)(1) Moneys deposited into the State Treasury Money ~~Trust~~ Management ~~Fund~~ Trust by participants other than the State Treasury are not and shall not become part of State Treasury funds.

(2) The State Treasury Money Management Trust shall operate as a segregated account for custodial, depository, and accounting purposes.

~~(2)~~ (3)(A) A participant will be able to may deposit at will into and, up to the balance of the participant's account, obtain moneys upon demand of the Treasurer of State from the State Treasury Money Management Trust.

(B) A demand for funds by a participant under this subdivision (c)(3) shall be made by notice as prescribed by the State Board of Finance.

(d) Each participant who elects to deposit money into the State Treasury Money ~~Trust~~ Management ~~Fund~~ Trust shall provide the account information required by the State Board of Finance, including without limitation the identity of any person authorized to conduct transactions on behalf of the participant.

~~(1) Inform the Treasurer of State upon deposit how long a period the money is expected to be available for investment; and~~

~~(2) Notify the Treasurer of State in writing whether the participant wishes to extend the period.~~

~~(e)(1) If a participant wishes to withdraw any of its money before the end of the period of investment, it must make a written request to the Treasurer of State.~~

~~(2) Any penalties or loss of principal or interest incurred due to the early realized as the result of a participant's demand for withdrawal of funds must shall be charged against incurred by the participant requesting the early withdrawal and deducted on the day the withdrawal is made.~~

(f)(1) The Treasurer of State may ~~assess~~:

(A) Assess reasonable charges against the account of a participant in the State Treasury Money Trust Management Fund Trust for reimbursement of the administration and operational expenses incurred in administering the State Treasury Money Trust Management Fund, as well as charges for State Treasury Money Trust Management Fund management; and

(B) Charge a reasonable fee for managing the State Treasury Money Management Trust.

(2) The State Board of Finance shall set any charge or fee imposed under this subsection.

~~(2) (3) Charges incurred for State Treasury Money Trust Management Fund management will and fees received under this subsection shall be deposited into the State Treasury for credit to the Securities Reserve Fund in a fund for the benefit of the Treasurer of State.~~

(g) All interest and earnings received on the money of the State Treasury Money Trust Management Fund Trust shall be credited back to the State Treasury Money Trust Management Fund Trust for distribution to the participants of the fund after any charges or fees due under subsection (f) of this section are deducted.

(h) The After deducting any charges or fees due under subsection (f) of this section, on the second business day that the State Treasury is open after the twenty-fifth day of the month, the Treasurer of State shall distribute the monthly earnings of the State Treasury Money Management Trust during the preceding month.

~~(1) Compute the proportion of the total deposits in the State~~

~~Treasury Money Trust Management Fund which were attributable to each participant;~~

~~(2) Apply that proportion to the total amount of interest received during the month on invested money of the State Treasury Money Trust Management Fund; and~~

~~(3) Pay to each participant or reinvest upon its instructions its proportionate share of the interest, less its proportionate share of any assessments for the expenses of administration.~~

(i) The State Board of Finance shall establish the method of computing a participant's rate of return, earnings, charges, fees, and expenses to determine the distribution for each participant.

(j) The monthly sum of a participant's daily earnings, after deducting administrative charges and fees under subsection (f) of this section, shall be credited to the participant's account and reinvested, unless otherwise instructed by the participant, on the distribution date stated in subsection (h) of this section.

19-3-605. Prudent investor rule.

The Treasurer of State shall apply the prudent investor rule while serving in a fiduciary capacity for State Treasury Money ~~Trust~~ Management ~~Fund~~ Trust participants. The prudent investor rule means that, in making investments, the fiduciaries shall exercise the judgment and care under the prevailing circumstances that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not for speculation but for investment, considering the permanent disposition of funds, and the probable safety of capital as well as probable income.

19-3-606. Loan of securities.

(a) In order to increase investment income with minimal risk, the Treasurer of State may loan securities held ~~by the State Treasury Money Trust Management Fund~~ under this section, but only if at the time the loan is executed at least one hundred two percent (102%) of the full market value of the security loaned is collateralized by cash or securities guaranteed by the United States Government or an agency thereof.

(b) At all times during the term of the loan, the collateral shall be

equal to not less than ninety-eight percent (98%) of the full market value calculated on the total value of all securities on loan.

(c) For purposes of this section, the value of the collateral shall be determined on a daily basis.

SECTION 2. The introductory language of Arkansas Code § 19-3-704(a) is amended to read as follows:

(a) In addition to any other function, power, or duty imposed by law, the State Board of Finance shall establish, maintain, and enforce all policies and procedures concerning the management and investment of funds in the State Treasury and the State Treasury Money ~~Trust~~ Management ~~Fund~~ Trust, including without limitation:

SECTION 3. Arkansas Code § 19-4-803(9), concerning exemption from the provisions regarding the expenditure of cash funds, is amended to read as follows:

(9) The State Treasury Money ~~Trust~~ Management ~~Fund~~ Trust; and

SECTION 4. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that that this act amends the investment authority of the Treasurer of State and the ability of other participants to invest in the State Treasury Money Management Trust; that this act affects the ability of the Treasurer of State to invest state funds and take immediate advantage of investment opportunities to benefit the state and public entities of the state; and that this act is immediately necessary to allow for implementation of the new investment authority provisions to take full advantage of investment opportunities to benefit the State of Arkansas. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.