

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

A Bill

HOUSE BILL 1464

5 By: Representative Collins
6 By: Senator Rapert
7

For An Act To Be Entitled

9 AN ACT TO AMEND PROVISIONS CONCERNING THE STATE
10 TREASURY MONEY MANAGEMENT TRUST; TO DECLARE AN
11 EMERGENCY; AND FOR OTHER PURPOSES.
12
13

Subtitle

15 TO AMEND PROVISIONS CONCERNING THE STATE
16 TREASURY MONEY MANAGEMENT TRUST; AND TO
17 DECLARE AN EMERGENCY.
18
19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
21

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

24 19-3-602. Purpose.

25 The purpose of this subchapter is to create the State Treasury Money
26 ~~Trust~~ Management ~~Fund~~ Trust administered by the Treasurer of State for the
27 deposit of moneys ~~not currently needed~~ in order to permit the joint
28 investment of participants' money so as to enhance investment opportunities
29 and earnings.
30

31 19-3-603. Definitions – Authorized deposits.

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

34 (1) State agency's cash funds as defined in § 19-4-801;

35 (2) Local governments:

36 (A) Any city, county, school district, or community



1 college district of this state; and

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

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

9
10 19-3-604. Fund provisions.

11 (a) The investment policy and all other policies, documents, rules,
12 and procedures established or approved by the State Board of Finance under §
13 19-3-701 et seq. apply to the administration of this subchapter by the
14 Treasurer of State.

15 (b)~~(1)~~ The Treasurer of State may invest or deposit funds ~~in~~
16 securities in the State Treasury Money Management Trust as authorized in §
17 19-3-518.

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

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

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

25 ~~(2) (3)(A)~~ A participant ~~will be able to~~ may deposit at will
26 into and, up to the balance of the participant's account, obtain moneys upon
27 demand ~~of the Treasurer of State~~ from the State Treasury Money Management
28 Trust.

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

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

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

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

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

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

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

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

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

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

22 ~~(2) (3) Charges incurred for State Treasury Money Trust~~
23 ~~Management Fund management will and fees received under this subsection shall~~
24 ~~be deposited into the State Treasury for credit to the Securities Reserve~~
25 ~~Fund in a fund for the benefit of the Treasurer of State.~~

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

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

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

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

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

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

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

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

17
 18 19-3-605. Prudent investor rule.

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

28
 29 19-3-606. Loan of securities.

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

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

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

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

5
 6 SECTION 2. The introductory language of Arkansas Code § 19-3-704(a) is
 7 amended to read as follows:

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

13
 14 SECTION 3. Arkansas Code § 19-4-803(9), concerning exemption from the
 15 provisions regarding the expenditure of cash funds, is amended to read as
 16 follows:

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

18
 19 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the
 20 General Assembly of the State of Arkansas that that this act amends the
 21 investment authority of the Treasurer of State and the ability of other
 22 participants to invest in the State Treasury Money Management Trust; that
 23 this act affects the ability of the Treasurer of State to invest state funds
 24 and take immediate advantage of investment opportunities to benefit the state
 25 and public entities of the state; and that this act is immediately necessary
 26 to allow for implementation of the new investment authority provisions to
 27 take full advantage of investment opportunities to benefit the State of
 28 Arkansas. Therefore, an emergency is declared to exist, and this act being
 29 immediately necessary for the preservation of the public peace, health, and
 30 safety shall become effective on:

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

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

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