

1 State of Arkansas
2 92nd General Assembly
3 Regular Session, 2019
4

A Bill

SENATE BILL 454

5 By: Senator Rapert
6 By: Representative Lundstrum
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING THE STATE BOARD OF
10 FINANCE; TO AMEND THE LAW CONCERNING THE INVESTMENT
11 OF FUNDS IN THE STATE TREASURY; TO AMEND THE POWERS
12 AND DUTIES OF THE STATE BOARD OF FINANCE IN RELATION
13 TO THE CHIEF INVESTMENT OFFICER OF THE TREASURER OF
14 STATE'S OFFICE; AND FOR OTHER PURPOSES.
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Subtitle

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18 TO AMEND THE LAW CONCERNING THE
19 INVESTMENT OF FUNDS IN THE STATE
20 TREASURY; AND TO AMEND THE POWERS AND
21 DUTIES OF THE STATE BOARD OF FINANCE IN
22 RELATION TO THE CHIEF INVESTMENT OFFICER
23 OF THE TREASURER OF STATE'S OFFICE.
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26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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28 SECTION 1. Arkansas Code § 19-3-518(b)(1)(B)(xiv), concerning the
29 securities and bank certificates of deposit in which the funds in the State
30 Treasury may be invested, is amended to read as follows:

31 (xiv) As approved by the guidelines established by
32 the State Treasury investment policy approved by the State Board of Finance,
33 a corporate obligation with an investment grade rating of at least BBB, A2,
34 P2, or ~~higher~~ an equivalent rating as indicated by at least two (2)
35 nationally recognized statistical rating organizations.
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1 SECTION 2. Arkansas Code § 19-3-518(b)(3), concerning the investment
 2 of funds in the State Treasury in securities and bank certificates of
 3 deposit, is amended to read as follows:

4 (3)(A) All purchases and sales of securities by the Treasurer of
 5 State shall be made ~~upon receipt of not less than three (3) quotation bids~~
 6 ~~from~~ through securities brokers:

7 (i) Specifically approved by the State Board of
 8 Finance; or

9 (ii) Meeting criteria established by the State Board
 10 of Finance.

11 (B)~~(i)~~ All purchases and sales of securities by the
 12 Treasurer of State shall be made using a competitive procedure that:

13 (i) Is approved by the State Board of Finance; and

14 (ii) Has the goals of:

15 (a) Obtaining the optimal price and value for
 16 the securities; and

17 (b) Not showing preference toward any
 18 securities broker.

19 (C)(i) However, the State Board of Finance may subscribe
 20 for obligations offered by the United States Department of the Treasury.

21 (ii) An obligation offered by the United States
 22 Department of the Treasury held in the State Treasury may be exchanged for
 23 another obligation offered by the United States Department of the Treasury if
 24 an exchange privilege has been extended by the United States Department of
 25 the Treasury.

26
 27 SECTION 3. Arkansas Code § 19-3-704(b), concerning the powers and
 28 duties of the State Board of Finance, is amended to read as follows:

29 (b)(1) The board shall select the chief ~~investment~~ compliance officer
 30 within the Treasurer of State's office based upon nominations received from
 31 the Treasurer of State.

32 (2) The chief ~~investment~~ compliance officer shall:

33 (A) Be employed by the board;

34 (B) Work with and at the direction of the Treasurer of
 35 State consistent with the policies and directives of the board; and

36 (C) Serve at the pleasure of the board.