

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.

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 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. **APPROVED: 4/11/19**