

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas
2 82nd General Assembly
3 Regular Session, 1999
4

As Engrossed: H3/12/99 S4/6/99

A Bill

HOUSE BILL 1793

5 By: Representatives Files, Carson
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7

For An Act To Be Entitled

9 "AN ACT TO PRESCRIBE THE AUTHORITY OF FIRST CLASS
10 CITIES WITH REAL PROPERTY VALUATION IN EXCESS OF
11 \$400,000,000 TO INVEST CASH FUNDS PURSUANT TO STATE
12 LAWS GOVERNING PERMISSIBLE INVESTMENTS BY THE STATE OF
13 ARKANSAS; AND FOR OTHER PURPOSES."
14

Subtitle

15 "PRESCRIBING THE AUTHORITY OF CERTAIN
16 FIRST CLASS CITIES TO INVEST CASH FUNDS."
17 "PRESCRIBING THE AUTHORITY OF CERTAIN
18 FIRST CLASS CITIES TO INVEST CASH FUNDS."
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Legislative Findings. The State of Arkansas has investment
25 policies which allow the State Treasurer and others to prudently invest cash
26 funds in low risk investments which outperform those investments currently
27 permitted by law for municipalities. Larger municipalities, and groups of
28 municipalities having in excess of one billion dollars (\$1,000,000,000) in
29 real property valuation, have the ability to hire employees with expertise to
30 direct investments pursuant to state investment policy which is the same
31 authority as investments authorized by state banks. If similar authority were
32 given larger municipalities, or groups of municipalities having in excess of
33 one billion dollars (\$1,000,000,000) in real property valuation, it would
34 assist them to balance their budgets without a tax increase. It is hereby
35 found and determined that larger municipalities, or groups of municipalities
36 having in excess of one billion dollars (\$1,000,000,000) in real property

1 valuation, should be given authority to invest pursuant to state laws
2 governing permissible investments by the State of Arkansas which would allow
3 them to improve their rate of return over the return on investments currently
4 authorized and assist them in balancing their budgets without a tax increase.

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6 SECTION 2. (a) Cities of the first class, which have real property
7 valuation in excess of four hundred million dollars (\$400,000,000), or groups
8 of municipalities having in excess of one billion dollars (\$1,000,000,000) in
9 real property valuation, may, pursuant to investment policy adopted by its
10 governing body, invest cash funds in securities as outlined in Ark. Code Ann.
11 §23-47-401.

12 (b) Investments shall be made with the judgment and care under
13 prevailing circumstances that a person of prudence, discretion, and
14 intelligence would exercise in the management of the person's own affairs, not
15 for speculation, but for investment, considering the probable safety of
16 capital and the probable income to be derived. Investment of funds shall be
17 governed by the following investment objectives, in order of priority:

- 18 (1) Preservation and safety of principal;
19 (2) Liquidity; and
20 (3) Yield.

21 (c) In determining whether an investment officer has exercised prudence
22 with respect to an investment decision, the determination shall be made taking
23 into consideration:

24 (1) The investment of all city funds, or funds under the
25 officer's control, over which the officer had responsibility, rather than a
26 consideration as to the prudence of a single investment; and

27 (2) Whether the investment decision was consistent with the
28 city's or group's written investment policy.

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30 SECTION 3. All provisions of this act of a general and permanent nature
31 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
32 Revision Commission shall incorporate the same in the Code.

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34 SECTION 4. If any provision of this act or the application thereof to
35 any person or circumstance is held invalid, such invalidity shall not affect
36 other provisions or applications of the act which can be given effect without

1 the invalid provision or application, and to this end the provisions of this
2 act are declared to be severable.

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4 SECTION 5. All laws and parts of laws in conflict with this act are
5 hereby repealed.

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/s/ Files

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