



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB2864

Introduced 2/17/2016, by Sen. Jacqueline Y. Collins

SYNOPSIS AS INTRODUCED:

15 ILCS 520/18
15 ILCS 520/22.5

from Ch. 130, par. 37
from Ch. 130, par. 41a

Amends the Deposit of State Moneys Act. Allows the State Treasurer to satisfy the requirement to make a monthly report to the Governor with a copy for public inspection by posting the monthly report on the Treasurer's official Internet website. Allows the Treasurer to, with the approval of the Governor, invest or reinvest (regardless of whether it is at a price exceeding par) any State money in the treasury that is not needed for current expenditures due or about to become due, or any money in the State Treasury that has been set aside. Provides that the Treasurer may, with the approval of the Governor, invest or reinvest any State money in the treasury that is not needed for current expenditures due or about to become due, or any money in the State Treasury that has been set aside, in obligations (currently, short-term obligations) of either corporations or limited liability companies organized in the United States, that have significant presence in this State, with assets exceeding \$500,000,000 if, among other requirements, the obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and mature not later than 5 years (currently, 270 days) from the date of purchase. Effective immediately.

LRB099 20194 RJF 44652 b

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Deposit of State Moneys Act is amended by
5 changing Sections 18 and 22.5 as follows:

6 (15 ILCS 520/18) (from Ch. 130, par. 37)

7 Sec. 18. The State Treasurer shall make a monthly report to
8 the Governor giving a detailed statement of the balances on
9 deposit in the several banks or savings and loan associations,
10 and the amount paid by each such bank or savings and loan
11 association as interest on moneys so deposited. Such statement
12 shall contain the name of each bank or savings and loan
13 association, and the amount in such bank or savings and loan
14 association subject to draft at the close of business on the
15 last day of the month for which the report is made, and on the
16 last day of the month next preceding. A copy of such report
17 shall be retained by the Treasurer and shall be made available
18 for inspection by the public at any reasonable time. The
19 Treasurer may satisfy the requirements of this Section by
20 posting the monthly report on the Treasurer's official Internet
21 website.

22 (Source: P.A. 83-541.)

1 (15 ILCS 520/22.5) (from Ch. 130, par. 41a)

2 (For force and effect of certain provisions, see Section 90
3 of P.A. 94-79)

4 Sec. 22.5. Permitted investments. The State Treasurer may,
5 with the approval of the Governor, invest and reinvest any
6 State money in the treasury which is not needed for current
7 expenditures due or about to become due, in obligations of the
8 United States government or its agencies or of National
9 Mortgage Associations established by or under the National
10 Housing Act, 1201 U.S.C. 1701 et seq., or in mortgage
11 participation certificates representing undivided interests in
12 specified, first-lien conventional residential Illinois
13 mortgages that are underwritten, insured, guaranteed, or
14 purchased by the Federal Home Loan Mortgage Corporation or in
15 Affordable Housing Program Trust Fund Bonds or Notes as defined
16 in and issued pursuant to the Illinois Housing Development Act.
17 All such obligations shall be considered as cash and may be
18 delivered over as cash by a State Treasurer to his successor.

19 The State Treasurer may, with the approval of the Governor,
20 purchase any state bonds with any money in the State Treasury
21 that has been set aside and held for the payment of the
22 principal of and interest on the bonds. The bonds shall be
23 considered as cash and may be delivered over as cash by the
24 State Treasurer to his successor.

25 The State Treasurer may, with the approval of the Governor,
26 invest or reinvest any State money in the treasury that is not

1 needed for current expenditure due or about to become due, or
2 any money in the State Treasury that has been set aside and
3 held for the payment of the principal of and the interest on
4 any State bonds, in shares, withdrawable accounts, and
5 investment certificates of savings and building and loan
6 associations, incorporated under the laws of this State or any
7 other state or under the laws of the United States; provided,
8 however, that investments may be made only in those savings and
9 loan or building and loan associations the shares and
10 withdrawable accounts or other forms of investment securities
11 of which are insured by the Federal Deposit Insurance
12 Corporation.

13 The State Treasurer may not invest State money in any
14 savings and loan or building and loan association unless a
15 commitment by the savings and loan (or building and loan)
16 association, executed by the president or chief executive
17 officer of that association, is submitted in the following
18 form:

19 The Savings and Loan (or Building
20 and Loan) Association pledges not to reject arbitrarily
21 mortgage loans for residential properties within any
22 specific part of the community served by the savings and
23 loan (or building and loan) association because of the
24 location of the property. The savings and loan (or building
25 and loan) association also pledges to make loans available
26 on low and moderate income residential property throughout

1 the community within the limits of its legal restrictions
2 and prudent financial practices.

3 The State Treasurer may, with the approval of the Governor,
4 invest or reinvest, ~~at a price not to exceed par,~~ any State
5 money in the treasury that is not needed for current
6 expenditures due or about to become due, or any money in the
7 State Treasury that has been set aside and held for the payment
8 of the principal of and interest on any State bonds, in bonds
9 issued by counties or municipal corporations of the State of
10 Illinois.

11 The State Treasurer may, with the approval of the Governor,
12 invest or reinvest any State money in the Treasury which is not
13 needed for current expenditure, due or about to become due, or
14 any money in the State Treasury which has been set aside and
15 held for the payment of the principal of and the interest on
16 any State bonds, in participations in loans, the principal of
17 which participation is fully guaranteed by an agency or
18 instrumentality of the United States government; provided,
19 however, that such loan participations are represented by
20 certificates issued only by banks which are incorporated under
21 the laws of this State or any other state or under the laws of
22 the United States, and such banks, but not the loan
23 participation certificates, are insured by the Federal Deposit
24 Insurance Corporation.

25 The State Treasurer may, with the approval of the Governor,
26 invest or reinvest any State money in the Treasury that is not

1 needed for current expenditure, due or about to become due, or
2 any money in the State Treasury that has been set aside and
3 held for the payment of the principal of and the interest on
4 any State bonds, in any of the following:

5 (1) Bonds, notes, certificates of indebtedness,
6 Treasury bills, or other securities now or hereafter issued
7 that are guaranteed by the full faith and credit of the
8 United States of America as to principal and interest.

9 (2) Bonds, notes, debentures, or other similar
10 obligations of the United States of America, its agencies,
11 and instrumentalities.

12 (2.5) Bonds, notes, debentures, or other similar
13 obligations of a foreign government, other than the
14 Republic of the Sudan, that are guaranteed by the full
15 faith and credit of that government as to principal and
16 interest, but only if the foreign government has not
17 defaulted and has met its payment obligations in a timely
18 manner on all similar obligations for a period of at least
19 25 years immediately before the time of acquiring those
20 obligations.

21 (3) Interest-bearing savings accounts,
22 interest-bearing certificates of deposit, interest-bearing
23 time deposits, or any other investments constituting
24 direct obligations of any bank as defined by the Illinois
25 Banking Act.

26 (4) Interest-bearing accounts, certificates of

1 deposit, or any other investments constituting direct
2 obligations of any savings and loan associations
3 incorporated under the laws of this State or any other
4 state or under the laws of the United States.

5 (5) Dividend-bearing share accounts, share certificate
6 accounts, or class of share accounts of a credit union
7 chartered under the laws of this State or the laws of the
8 United States; provided, however, the principal office of
9 the credit union must be located within the State of
10 Illinois.

11 (6) Bankers' acceptances of banks whose senior
12 obligations are rated in the top 2 rating categories by 2
13 national rating agencies and maintain that rating during
14 the term of the investment.

15 (7) Obligations ~~Short-term obligations~~ of either
16 corporations or limited liability companies organized in
17 the United States, that have a significant presence in this
18 State, with assets exceeding \$500,000,000 if (i) the
19 obligations are rated at the time of purchase at one of the
20 3 highest classifications established by at least 2
21 standard rating services and mature not later than 5 years
22 ~~270 days~~ from the date of purchase, (ii) the purchases do
23 not exceed 10% of the corporation's or the limited
24 liability company's outstanding obligations, (iii) no more
25 than one-third of the public agency's funds are invested in
26 short-term obligations of either corporations or limited

1 liability companies, and (iv) the corporation or the
2 limited liability company has not been identified as a
3 forbidden entity, as that term is defined in Section
4 1-110.6 of the Illinois Pension Code, by an independent
5 researching firm that specializes in global security risk
6 that has been engaged by the State Treasurer.

7 (8) Money market mutual funds registered under the
8 Investment Company Act of 1940, provided that the portfolio
9 of the money market mutual fund is limited to obligations
10 described in this Section and to agreements to repurchase
11 such obligations.

12 (9) The Public Treasurers' Investment Pool created
13 under Section 17 of the State Treasurer Act or in a fund
14 managed, operated, and administered by a bank.

15 (10) Repurchase agreements of government securities
16 having the meaning set out in the Government Securities Act
17 of 1986, as now or hereafter amended or succeeded, subject
18 to the provisions of that Act and the regulations issued
19 thereunder.

20 (11) Investments made in accordance with the
21 Technology Development Act.

22 For purposes of this Section, "agencies" of the United
23 States Government includes:

24 (i) the federal land banks, federal intermediate
25 credit banks, banks for cooperatives, federal farm credit
26 banks, or any other entity authorized to issue debt

1 obligations under the Farm Credit Act of 1971 (12 U.S.C.
2 2001 et seq.) and Acts amendatory thereto;

3 (ii) the federal home loan banks and the federal home
4 loan mortgage corporation;

5 (iii) the Commodity Credit Corporation; and

6 (iv) any other agency created by Act of Congress.

7 The Treasurer may, with the approval of the Governor, lend
8 any securities acquired under this Act. However, securities may
9 be lent under this Section only in accordance with Federal
10 Financial Institution Examination Council guidelines and only
11 if the securities are collateralized at a level sufficient to
12 assure the safety of the securities, taking into account market
13 value fluctuation. The securities may be collateralized by cash
14 or collateral acceptable under Sections 11 and 11.1.

15 (Source: P.A. 96-469, eff. 8-14-09; 96-795, eff. 7-1-10 (see
16 Section 5 of P.A. 96-793 for the effective date of changes made
17 by P.A. 96-795); 96-870, eff. 1-21-10; 97-277, eff. 8-8-11.)

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.