

House Bill 3262

Sponsored by COMMITTEE ON REVENUE (at the request of Association of Oregon Counties)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Authorizes local government to invest additional funds in local government investment pool for which local government official specifies lesser need for liquidity, to seek to obtain higher return on investment than otherwise possible with focus of investments on liquidity.

A BILL FOR AN ACT

1
2 Relating to local government investment pool; creating new provisions; and amending ORS 294.810
3 and 294.831.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2007 Act is added to and made a part of ORS 294.805 to**
6 **294.895.**

7 **SECTION 2. In addition to the amount of funds described in ORS 294.810 that are in-**
8 **vested primarily to provide liquidity, a local government may invest funds in the local gov-**
9 **ernment investment pool and may limit liquidity by specifying a maturity period, subject to**
10 **the limits of ORS 294.135, to seek to obtain a higher return on investments subject to the**
11 **standards set forth in ORS 294.835 and the reduced demand for liquidity of the funds invested**
12 **specified by the local government official.**

13 **SECTION 3. ORS 294.810 is amended to read:**

14 294.810. (1) With the consent of the governing body, a local government official may place in the
15 aggregate up to \$30 million of its funds in the investment pool, or, if the assets of the investment
16 pool have been transferred pursuant to ORS 294.882, in the state investment fund established pur-
17 suant to ORS 293.721, for investment and reinvestment by the investment officer as provided under
18 ORS 293.701 to 293.820 or 294.805 to 294.895, as the case may be. The \$30 million limitation stated
19 in this section shall not apply either to funds of a governing body which are placed in the invest-
20 ment pool on a pass-through basis, [*or*] to funds invested on behalf of another government unit **or**
21 **to funds invested as described in section 2 of this 2007 Act.** Local governments must remove
22 pass-through funds which result in an account balance in the pool in excess of \$30 million within
23 10 business days. County governments must remove such excess funds within 20 business days. The
24 investment officer shall promptly report each instance of noncompliance with, or apparent abuse of,
25 the limitations of this section to the Secretary of State and to the governing body of the local gov-
26 ernment involved.

27 (2) The \$30 million limitation contained in subsection (1) of this section shall increase in pro-
28 portion to the increase occurring after September 9, 1995, in the Consumer Price Index for All Ur-
29 ban Consumers of the Portland, Oregon, Standard Metropolitan Statistical Area, as compiled by the
30 United States Department of Labor, Bureau of Labor Statistics.

31 **SECTION 4. ORS 294.831 is amended to read:**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 294.831. (1) **Except as provided in section 2 of this 2007 Act**, the local government investment
 2 pool shall seek to obtain a competitive return on investments subject to the standards set forth in
 3 ORS 294.835 and consistent with the liquidity requirements demanded by the short term nature of
 4 local government deposits in the pool.

5 (2) **Except for funds invested pursuant to section 2 of this 2007 Act**, the investment officer
 6 shall at all times hold investments [*which*] **that** mature in three years or less, in an amount not less
 7 than an amount equal to the aggregate of all funds placed with the investment officer by local
 8 governments under ORS 294.805 to 294.895, which investments shall be from the funds defined in
 9 ORS 293.701 (2)(p).

10 (3) Notwithstanding subsection (2) of this section, the investment officer may purchase legally
 11 issued general obligations of the United States and of the agencies and instrumentalities of the
 12 United States if the seller of the obligations agrees to repurchase the obligations within 90 days
 13 following the date on which the investment officer makes the investment. The price paid by the in-
 14 vestment officer for such obligations may not exceed amounts or percentages prescribed by written
 15 policy of the Oregon Investment Council or the Oregon Short Term Fund Board created by ORS
 16 294.885.

17 (4) Investments and commitments of the investment pool which do not conform to the quality
 18 or maturity requirements set forth in ORS 294.805 to 294.895 shall be liquidated by the investment
 19 officer once the market value of such investments and commitments reaches book value, or as soon
 20 as is practicable thereafter.

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