

**First Regular Session  
Sixty-ninth General Assembly  
STATE OF COLORADO**

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

LLS NO. 13-0715.01 Jason Gelender x4330

**HOUSE BILL 13-1205**

---

**HOUSE SPONSORSHIP**

**Swalm and Pabon,**

**SENATE SPONSORSHIP**

**(None),**

---

**House Committees**  
Finance

**Senate Committees**

---

**A BILL FOR AN ACT**

101 **CONCERNING THE INVESTMENT OF STATE MONEYS BY THE STATE**  
102 **TREASURER.**

---

**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

In order to provide the state treasurer with additional flexibility in investing state moneys and disposing of public school fund investments that are losing money, the bill:

- ! Allows the state treasurer to exchange or sell an investment at a loss of principal to the public school fund so long as

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

- ! the loss is offset by a gain in the fund within 12 months;
- ! In accordance with a recommendation of the state auditor, updates statutory language that currently allows the state treasurer to invest state moneys in domestic securities to allow investment in securities denominated in United States dollars; and
- ! Allows the state treasurer to invest state moneys in municipal bonds and covered bonds that rated in one of the 2 highest rating categories by a nationally recognized rating organization.

---

1 *Be it enacted by the General Assembly of the State of Colorado:*

2           **SECTION 1.** In Colorado Revised Statutes, 22-41-104, **amend**  
3 (2) as follows:

4           **22-41-104. Lawful investments.** (2) The state treasurer has  
5 authority, to be exercised at the state treasurer's discretion, to effect  
6 exchanges or sales whenever such exchanges or sales will not result in  
7 ~~any ultimate loss of principal and to effect exchanges or sales that will~~  
8 ~~result in a loss of principal whenever such loss can be offset by a~~  
9 ~~corresponding gain within three fiscal years of such exchange or sale. No~~  
10 ~~exchange or sale of securities shall be consummated by the state treasurer~~  
11 ~~that will result in a net loss of principal unless the general assembly has~~  
12 ~~previously appropriated a sum to the public school fund equivalent to the~~  
13 ~~anticipated net loss of principal from such exchange or sale~~ AN  
14 AGGREGATE LOSS OF PRINCIPAL TO THE PUBLIC SCHOOL FUND. AN  
15 AGGREGATE LOSS OF PRINCIPAL TO THE PUBLIC SCHOOL FUND OCCURS  
16 ONLY WHEN AN EXCHANGE OR SALE THAT RESULTED IN AN INITIAL LOSS  
17 OF PRINCIPAL IS NOT OFFSET BY A GAIN ON AN EXCHANGE OR SALE IN THE  
18 FUND WITHIN TWELVE MONTHS.

19           **SECTION 2.** In Colorado Revised Statutes, 24-36-113, **amend**  
20 (1) (a) and (3.6); and **add** (2.5) as follows:

1           **24-36-113. Investment of state moneys - limitations.**

2           (1) (a) Whenever there are moneys in the state treasury that are not  
3 immediately required to be disbursed, the state treasurer is authorized to  
4 invest the same in ~~United States domestic~~ fixed income securities  
5 DENOMINATED IN UNITED STATES DOLLARS. In making such investments,  
6 the state treasurer shall use prudence and care to preserve the principal  
7 and to secure the maximum rate of interest consistent with safety and  
8 liquidity. The state treasurer shall formulate investment policies regarding  
9 liquidity, maturity, and diversification appropriate to each fund or pool of  
10 funds in the state treasurer's custody available for investment.

11           (2.5) THE STATE TREASURER MAY, IN THE STATE TREASURER'S  
12 DISCRETION, INVEST SUCH MONEYS IN MUNICIPAL BONDS RATED IN ONE OF  
13 THE TWO HIGHEST RATING CATEGORIES BY A NATIONALLY RECOGNIZED  
14 RATING ORGANIZATION.

15           (3.6) The state treasurer may, in the state treasurer's discretion,  
16 invest such moneys in asset-backed securities AND COVERED BONDS rated  
17 in one of the two highest rating categories by a nationally recognized  
18 rating organization.

19           **SECTION 3. Act subject to petition - effective date.** This act  
20 takes effect at 12:01 a.m. on the day following the expiration of the  
21 ninety-day period after final adjournment of the general assembly (August  
22 7, 2013, if adjournment sine die is on May 8, 2013); except that, if a  
23 referendum petition is filed pursuant to section 1 (3) of article V of the  
24 state constitution against this act or an item, section, or part of this act  
25 within such period, then the act, item, section, or part will not take effect  
26 unless approved by the people at the general election to be held in

- 1 November 2014 and, in such case, will take effect on the date of the
- 2 official declaration of the vote thereon by the governor.