

**STATE
FISCAL IMPACT**

Drafting Number: LLS 13-0715

Date: February 19, 2013

Prime Sponsor(s): Rep. Swalm

Bill Status: House Finance

Fiscal Analyst: Bill Zepernick (303-866-4777)

TITLE: CONCERNING THE INVESTMENT OF STATE MONEYS BY THE STATE TREASURER.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue Multiple Funds	Potential increase. See State Revenue section.	
State Expenditures		
FTE Position Change		
Effective Date: August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2013-2014: None required.		
Local Government Impact: None.		

Summary of Legislation

The bill gives the state treasurer additional flexibility in investing state moneys by allowing the treasurer to:

- exchange or sell an investment at a loss of principal to the public school fund so long as the loss is offset by a gain in the fund within 12 months;
- invest in securities denominated in U.S. dollars, rather than only in "domestic securities" under current law; and
- invest in municipal bonds rated in one of the two highest ratings by a nationally recognized rating organization.

State Revenue

The bill may increase investment revenue to funds managed by the treasurer, but the exact impact cannot be estimated at this time. By allowing investments to be sold at a loss of principal under certain circumstances, the treasurer has greater flexibility to potentially move funds into higher performing investments. In addition, expanding the types of municipal bonds in which state funds may be invested could also increase investment returns to the extent that these bonds are used in place of lower performing investment options.

Departments Contacted

Treasurer

Education

State Auditor

Municipalities