

House Bill 695

By: Representatives Smith of the 175th, Turnquest of the 73rd and Dukes of the 161st

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 17 of Title 50 of the Official Code of Georgia Annotated, relating to state
2 debt, investment, and depositories, so as to provide that income earned on a direct
3 appropriation of state funds to the Georgia State Financing and Investment Commission may
4 be retained by the commission and used for the capital outlay purposes of such direct
5 appropriation; to provide for related matters; to repeal conflicting laws; and for other
6 purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Chapter 17 of Title 50 of the Official Code of Georgia Annotated, relating to state debt,
10 investment, and depositories, is amended in Code Section 50-17-27, relating to application
11 and investment of public debt proceeds by the Georgia State Financing and Investment
12 Commission and the Georgia Environmental Facilities Authority, by striking subsection (b)
13 in its entirety and inserting in lieu thereof the following:

14 "(b) Proceeds received from the sale of bonds evidencing general obligation debt shall be
15 held in trust by the commission and disbursed promptly by the commission in accordance
16 with the original purpose set forth in the authorization of the General Assembly and in
17 accordance with rules and regulations established by the commission. Bond proceeds and
18 other proceeds held by the commission shall be as fully invested as is practical, consistent
19 with the proper application of such proceeds for the purposes intended. Investments shall
20 be limited to general obligations of the United States or of subsidiary corporations of the
21 United States government fully guaranteed by such government, or to obligations issued
22 by the Federal Land Bank, Federal Home Loan Bank, Federal Intermediate Credit Bank,
23 Bank for Cooperatives, Federal Farm Credit Banks, or to tax exempt obligations issued by
24 any state, county, municipal corporation, district, or political subdivision, or civil division
25 or public instrumentality of any such government or unit of such government, or to the
26 units of any unit investment trusts the assets of which are exclusively invested in

1 obligations of the type described above, or to the shares of any mutual fund the investments
2 of which are limited to securities of the type described above and distributions from which
3 are treated for federal income tax purposes in the same manner as the interest on said
4 obligations, provided that at the time of investment such obligations or the obligations held
5 by any such unit investment trust or the obligations held or to be acquired by any such
6 mutual fund are limited to obligations which are rated within one of the top two rating
7 categories of any nationally recognized rating service or any rating service recognized by
8 the commissioner of banking and finance, and no others. Income earned on any such
9 investments or otherwise earned by the commission shall be retained by the commission
10 and used to purchase and retire any public debt or any bonds or obligations issued by any
11 public agency, public corporation, or authority which are secured by a contract to which
12 the second paragraph of Article IX, Section VI, Paragraph I(a) of the Constitution of
13 Georgia of 1976 is applicable and may be used to pay operating expenses of the
14 commission; provided, however, that any income earned on a direct appropriation of state
funds to the commission for capital outlay purposes, after the appropriation has been
withdrawn from the treasury, may be retained by the commission and used for the capital
outlay purposes of such a direct appropriation."

18

SECTION 2.

19 All laws and parts of laws in conflict with this Act are repealed.