

House Bill 621 (AS PASSED HOUSE AND SENATE)

By: Representatives Buck of the 112th, Coleman of the 118th, Parrish of the 102nd, and Channell of the 77th

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 50 of the Official Code of Georgia Annotated, relating to state government,
2 so as to change certain provisions regarding the Georgia State Financing and Investment
3 Commission and the Georgia Environmental Facilities Authority; to change certain
4 provisions regarding authorized investments; to provide an effective date; to repeal
5 conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 style="text-align:center">**SECTION 1.**

8 Title 50 of the Official Code of Georgia Annotated, relating to state government, is amended
9 by striking subsection (b) of Code Section 50-17-27, relating to application and investment
10 of certain proceeds by the Georgia State Financing and Investment Commission and the
11 Georgia Environmental Facilities Authority, and inserting in its place a new subsection (b)
12 to read as follows:

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

1 the units of any unit investment trusts the assets of which are exclusively invested in
 2 obligations of the type described above, or to the shares of any mutual fund the investments
 3 of which are limited to securities of the type described above and distributions from which
 4 are treated for federal income tax purposes in the same manner as the interest on said
 5 obligations, provided that at the time of investment such obligations or the obligations held
 6 by any such unit investment trust or the obligations held or to be acquired by any such
 7 mutual fund are limited to obligations which are rated within one of the top two rating
 8 categories of any nationally recognized rating service or any rating service recognized by
 9 the commissioner of banking and finance, and no others. Income earned on any such
 10 investments or otherwise earned by the commission shall be retained by the commission
 11 and used to purchase and retire any public debt or any bonds or obligations issued by any
 12 public agency, public corporation, or authority which are secured by a contract to which
 13 the second paragraph of Article IX, Section VI, Paragraph I(a) of the Constitution of
 14 Georgia of 1976 is applicable and may be used to pay operating expenses of the
 15 commission. However, in order to provide for contingencies, efficiency, and flexibility, the
 16 commission may agree by contract or grant agreement with county and independent school
 17 systems that income earned during grant administration on a direct appropriation of state
 18 funds to the commission for public school capital outlay will be applied to the capital
 19 outlay purposes of the appropriation. Otherwise, the interest on direct appropriations to the
 20 commission shall be deposited into the treasury."

21 **SECTION 2.**

22 Said title is further amended by striking paragraph (11) of subsection (b) of Code Section
 23 50-23-5, relating to the purpose, powers, and duties of the Georgia Environmental Facilities
 24 Authority, and inserting in its place a new paragraph (11) to read as follows:

25 "(11) Subject to any agreement with bondholders, to invest moneys of the authority not
 26 required for immediate use to carry out the purposes of this chapter, including the
 27 proceeds from the sale of any bonds and any moneys held in reserve funds, in obligations
 28 which shall be limited to the following:

29 (A) Bonds or other obligations of the state or bonds or other obligations, the principal
 30 and interest of which are guaranteed by the state;

31 (B) Bonds or other obligations of the United States or of subsidiary corporations of the
 32 United States government fully guaranteed by such government;

33 (C) Obligations of agencies of the United States government and its subsidiary
 34 corporations and instrumentalities or entities sanctioned or authorized by the United
 35 States government including, but not limited to, issued by the Federal Land Bank, the
 36 Federal Home Loan Bank, the Federal Intermediate Credit Bank, Farm Credit Banks

1 regulated by the Farm Credit Administration, the Federal Home Loan Mortgage
2 Corporation, the Federal National Mortgage Association, and the Bank for
3 Cooperatives;

4 (D) Bonds or other obligations issued by any public housing agency or municipality
5 in the United States, which bonds or obligations are fully secured as to the payment of
6 both principal and interest by a pledge of annual contributions under an annual
7 contributions contract or contracts with the United States government, or project notes
8 issued by any public housing agency, urban renewal agency, or municipality in the
9 United States and fully secured as to payment of both principal and interest by a
10 requisition, loan, or payment agreement with the United States government;

11 (E) Certificates of deposit of national or state banks or federal savings and loan
12 associations located within the state which have deposits insured by the Federal Deposit
13 Insurance Corporation or any Georgia deposit insurance corporation and certificates of
14 deposit of state building and loan associations located within the state which have
15 deposits insured by any Georgia deposit insurance corporation, including the
16 certificates of deposit of any bank, savings and loan association, or building and loan
17 association acting as depository, custodian, or trustee for any such bond proceeds;
18 provided, however, that the portion of such certificates of deposit in excess of the
19 amount insured by the Federal Deposit Insurance Corporation or any Georgia deposit
20 insurance corporation, if any such excess exists, shall be secured by deposit with the
21 Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank located
22 within the state, of one or more of the following securities in an aggregate principal
23 amount equal at least to the amount of such excess:

24 (i) Direct and general obligations of the state or of any county or municipality in the
25 state;

26 (ii) Obligations of the United States or subsidiary corporations included in
27 subparagraph (B) of this paragraph;

28 (iii) Obligations of agencies of the United States government included in
29 subparagraph (C) of this paragraph; or

30 (iv) Bonds, obligations, or project notes of public housing agencies, urban renewal
31 agencies, or municipalities included in subparagraph (D) of this paragraph;

32 (F) Interest-bearing time deposits, repurchase agreements, reverse repurchase
33 agreements, rate guarantee agreements, or other similar banking arrangements with a
34 bank or trust company having capital and surplus aggregating at least \$50 million or
35 with any government bond dealer reporting to, trading with, and recognized as a
36 primary dealer by the Federal Reserve Bank of New York having capital aggregating
37 at least \$50 million or with any corporation which is subject to registration with the

1 Board of Governors of the Federal Reserve System pursuant to the requirements of the
2 Bank Holding Company Act of 1956, provided that each such interest-bearing time
3 deposit, repurchase agreement, reverse repurchase agreement, rate guarantee
4 agreement, or other similar banking arrangement shall permit the moneys so placed to
5 be available for use at the time provided with respect to the investment or reinvestment
6 of such moneys; and
7 (G) Prime bankers' acceptances; and
8 ~~(G)~~ (H) State operated investment pools."

9 **SECTION 3.**

10 This Act shall become effective upon its approval by the Governor or upon its becoming law
11 without such approval.

12 **SECTION 4.**

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