

1                   A bill to be entitled  
 2           An act relating to investment of public funds; amending s.  
 3           17.57, F.S.; providing additional authorization for the  
 4           Chief Financial Officer to invest state funds; amending s.  
 5           218.415, F.S.; providing additional authorization for  
 6           units of local government to invest local government  
 7           funds; providing an effective date.

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 9   Be It Enacted by the Legislature of the State of Florida:

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 11           Section 1. Subsection (7) is added to section 17.57,  
 12   Florida Statutes, to read:

13           17.57 Deposits and investments of state money.--

14           (7) In addition to the investments authorized under this  
 15           section and notwithstanding any other provisions of law, funds  
 16           that are not needed to meet the disbursement needs of the state  
 17           may be invested by the Chief Financial Officer in accordance  
 18           with the following conditions:

19           (a) The funds are initially invested through a qualified  
 20           public depository, as defined in s. 280.02, selected by the  
 21           Chief Financial Officer.

22           (b) The selected depository arranges for the deposit of  
 23           the funds in certificates of deposit in one or more federally  
 24           insured banks or savings and loan associations, wherever  
 25           located, for the account of the state.

26           (c) The full amount of principal and accrued interest of  
 27           each such certificate of deposit is insured by the Federal  
 28           Deposit Insurance Corporation.

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

29           (d) The selected depository acts as custodian for the  
 30 state with respect to such certificates of deposit issued for  
 31 its account.

32           (e) At the same time the state's funds are deposited and  
 33 the certificates of deposit are issued, the selected depository  
 34 receives an amount of deposits from customers of other federally  
 35 insured financial institutions, wherever located, equal to or  
 36 greater than the amount of the funds initially invested by the  
 37 Chief Financial Officer through the selected depository.

38           Section 2. Subsection (23) is added to section 218.415,  
 39 Florida Statutes, to read:

40           218.415 Local government investment policies.--Investment  
 41 activity by a unit of local government must be consistent with a  
 42 written investment plan adopted by the governing body, or in the  
 43 absence of the existence of a governing body, the respective  
 44 principal officer of the unit of local government and maintained  
 45 by the unit of local government or, in the alternative, such  
 46 activity must be conducted in accordance with subsection (17).  
 47 Any such unit of local government shall have an investment  
 48 policy for any public funds in excess of the amounts needed to  
 49 meet current expenses as provided in subsections (1)-(16), or  
 50 shall meet the alternative investment guidelines contained in  
 51 subsection (17). Such policies shall be structured to place the  
 52 highest priority on the safety of principal and liquidity of  
 53 funds. The optimization of investment returns shall be secondary  
 54 to the requirements for safety and liquidity. Each unit of local  
 55 government shall adopt policies that are commensurate with the  
 56 nature and size of the public funds within its custody.

57        (23) ADDITIONAL AUTHORIZED INVESTMENTS.--In addition to  
58 the investments authorized for local governments in subsections  
59 (16) and (17) and notwithstanding any other provisions of law, a  
60 unit of local government may invest and reinvest any portion of  
61 surplus public funds in its control or possession in accordance  
62 with the following conditions:

63        (a) The funds are initially invested through a qualified  
64 public depository, as defined in s. 280.02, selected by the unit  
65 of local government.

66        (b) The selected depository arranges for the deposit of  
67 the funds in certificates of deposit in one or more federally  
68 insured banks or savings and loan associations, wherever  
69 located, for the account of the unit of local government.

70        (c) The full amount of principal and accrued interest of  
71 each such certificate of deposit is insured by the Federal  
72 Deposit Insurance Corporation.

73        (d) The selected depository acts as custodian for the unit  
74 of local government with respect to such certificates of deposit  
75 issued for its account.

76        (e) At the same time the unit of local government's funds  
77 are deposited and the certificates of deposit are issued, the  
78 selected depository receives an amount of deposits from  
79 customers of other federally insured financial institutions,  
80 wherever located, equal to or greater than the amount of the  
81 funds initially invested by the unit of local government through  
82 the selected depository.

83        Section 3. This act shall take effect July 1, 2005.