

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1339 Authorized Investments for Local Governments
SPONSOR(S): Sands and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 2224

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Urban & Local Affairs</u>	<u>(ref. removed)</u>	<u></u>	<u></u>
2) <u>Government Efficiency & Accountability Council</u>	<u>11 Y, 0 N</u>	<u>Fudge</u>	<u>Cooper</u>
3) <u>Policy & Budget Council</u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

Section 218.415(16), F.S., enumerates the types of investments in which local governments may invest and reinvest any surplus public funds. This amends s. 218.415(16), F.S., to authorize local governments to invest surplus public funds in instruments backed by the full faith and credit of the government of Israel.

This bill is effective July 1, 2007.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

This bill does not appear to implicate any of the House Principles.

B. EFFECT OF PROPOSED CHANGES:

Current Situation

Local governments are limited in what they may invest and reinvest any surplus public funds in to the following list:

- (a) The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in s. 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02.
- (d) Direct obligations of the United States Treasury.
- (e) Federal agencies and instrumentalities.
- (f) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.
- (g) Other investments authorized by law or by ordinance for a county or a municipality.
- (h) Other investments authorized by law or by resolution for a school district or a special district.

Since 1988, the State Board of Administration has been authorized to invest a portion of the funds available for investment, which is no more than 25 percent of any fund, in "rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel."¹

Effect of Proposed Changes

The bill amends s. 218.415(16), F.S., to authorize local governments to invest surplus public funds in rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.

C. SECTION DIRECTORY:

Section 1: Authorizes local governments to invest surplus public funds in instruments backed by the full faith and credit of the government of Israel.

Section 2: Provides an effective date of July 1, 2007.

¹ S. 215.47(2)(g), F.S.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Indeterminate

2. Expenditures:

Insignificant.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require cities or counties to spend funds or take an action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

None.