

S.F. No. 323 – Additional investment authority provision for qualifying local units of government

Author: Senator Bonnie S. Westlin

Prepared by: Joan White, Senate Counsel (651/296-3814)

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SF323 modifies the law authorizing additional long-term equity investment authority for cities and counties that was originally passed by the legislature in 2017.

Section 1 (section 118A.09, subdivision 1) modifies the definition of the term “qualified government” by (1) expanding the definition to include eligible counties and cities whose most recent long-term, senior general obligation rating is AA or higher (Current law requires the most recently issued general obligation bonds be rated in the highest category, which is AAA); and (2) removing self-insurance pool from the definition, which is replaced by new language under section 4. Paragraph (b) makes conforming changes.

Section 2 (section 118A.09, subdivision 2) is a technical correction. The requirement that qualifying governments investing in index mutual funds make the investments directly with the main sales office of the fund is moved from clause (2) to clause (1), which is a more suitable place in the law.

Section 3 (118A.09, subd 3) strikes language that references self-insurance pools in section 1, which was removed.

Section 4 (118A.10) allows a self-insurance pool formed under this chapter to invest in securities which are authorized investments of the state board of investment under chapter 11A. Before investing, the governing body must adopt an investment policy pursuant to a resolution that includes a statement that the governing body understands that the investments have risk and that the governing body understands the type of funds that are being invested and the specific investment.

The sections in this bill are effective the day following final enactment.