

**The Florida Senate**  
**PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT**  
(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: Governmental Operations Committee

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BILL: SB 2224

INTRODUCER: Senator Rich and others

SUBJECT: Authorized Investments for Local Governments

DATE: April 20, 2007

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Molloy	Yeatman	CA	<b>Favorable</b>
2.	Wilson	Wilson	GO	<b>Favorable</b>
3.				
4.				
5.				
6.				

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**I. Summary:**

This bill allows 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.

This bill substantially amends section 218.415 of the Florida Statutes:

**II. Present Situation:**

**State Financial Matters**

Section 215.44, F.S., directs the State Board of Administration to invest funds in the System Trust Fund established in the State Treasury for the purpose of holding and investing the contributions paid by members and employers and paying the benefits to which members or their beneficiaries may be entitled under the Florida Retirement System. Section 215.47(2), F.S., provides that not more than 25 percent of any fund available for investment can be invested in specified areas, and that a portion of those funds available for investment can be invested in rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.

**Investment of Local Government Surplus Funds**

Part IV of chapter 218, F.S., provides for the investment of local government surplus funds. Section 218.415(16), F.S., provides the authorized investment list for units of local governments that elect to adopt a written investment policy. The local government may, by resolution, invest and reinvest surplus funds in:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings account in qualified public depositories.
- Direct obligations of the United States Treasury.
- Federal agencies and instrumentalities.
- Securities or, or other interests in, any open-end or closed-end management-type investment company under the federal Investment Company Act of 1940, with certain restrictions provided.
- Other investments authorized by law or by ordinance.
- Other investments authorized by law or by resolution for a school district or special district.

### **III. Effect of Proposed Changes:**

This bill creates paragraph (f) in subsection (16) of s. 218.415, F.S., to allow 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.

If enacted into the law, the bill shall take effect July 1, 2007.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

This bill does not require cities and counties to expend funds or limit their authority to raise revenues or receive state-shared revenues as specified by s. 18, Art. VII, State Constitution.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

### **V. Economic Impact and Fiscal Note:**

#### **A. Tax/Fee Issues:**

None.

#### **B. Private Sector Impact:**

None.

**C. Government Sector Impact:**

This bill will have an indeterminate effect on local governments and is expected to have no fiscal impact on state government.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

Section 215.47, F.S., has recognized investments in securities issued by Israel for many years. As of December 31, 2006, the Board of Administration held the following securities' positions in Israel investments in its two largest accounts, the Commingled Asset Management Program (CAMP) and the Florida Retirement System (FRS) Trust Fund:

<b><u>FRS</u></b>	
Domestic Equities	\$ 16,382,466.08
International Equities	\$ 68,678,470.64
Global Equities	\$ 19,733,788.93
Fixed Income	\$ 120,887,050.08
Alternative Investments	\$ 3,000,000.00
 <b><u>CAMP and FRS</u></b>	 \$ 2,078,683.11
 <b>TOTAL</b>	 <b>\$ 230,760,458.84</b>

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This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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## **VIII. Summary of Amendments:**

None.

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