

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 460

BY STATE AFFAIRS COMMITTEE

AN ACT

1 RELATING TO THE INVESTMENT OF PUBLIC FUNDS; AMENDING SECTION 57-720, IDAHO
2 CODE, TO AUTHORIZE THE INVESTMENT BOARD OR INVESTMENT MANAGERS TO TAKE
3 CERTAIN ACTIONS WITH RESPECT TO THE INVESTMENT OF CERTAIN PUBLIC FUNDS
4 WITH THE APPROVAL OF THE STATE BOARD OF LAND COMMISSIONERS AND TO MAKE A
5 TECHNICAL CORRECTION.
6

7 Be It Enacted by the Legislature of the State of Idaho:

8 SECTION 1. That Section 57-720, Idaho Code, be, and the same is hereby
9 amended to read as follows:

10 57-720. INVESTMENT AUTHORITY -- INVESTMENT POLICIES -- ANNUAL AU-
11 DIT. (1) The investment board or its investment manager(s) may, and are
12 hereby authorized to, invest the permanent endowment funds and the earnings
13 reserve funds of the state of Idaho and other moneys as required by law. The
14 investment board may, with the approval of the state board of land commis-
15 sioners, invest other funds that are exempt from section 67-1210, Idaho
16 Code, provided however, that the costs of investment of such funds may be
17 deducted by the investment board from investment proceeds.

18 (2) With the approval of the state board of land commissioners, the in-
19 vestment board or its investment managers may and are hereby authorized to:

20 (a) Invest funds under the control or administration of the state of
21 Idaho that are exempt from investment by the state treasurer and not
22 subject to section 2, article VIII, of the constitution of the state of
23 Idaho;

24 (b) Invest funds donated, granted, gifted or devised to an Idaho public
25 agency and held as a trust or endowment. Idaho public agencies include,
26 but are not limited to, municipalities, districts, political subdivi-
27 sions, political or public corporations and public charter schools of
28 the state of Idaho;

29 (c) Establish standards for acceptance of funds for investment under
30 this subsection including, but not limited to, minimum investment peri-
31 ods and amounts; and

32 (d) Deduct the costs of investment from funds invested under this sub-
33 section or from the investment proceeds of funds invested under this
34 subsection.

35 (3) The funds invested by the investment board may be combined or pooled
36 for investment.

37 (34) Earnings reserve funds shall be accounted for separately from per-
38 manent endowment funds.

39 (45) Prior to the annual calculation of gains and losses pursuant to
40 section 57-724, Idaho Code, the investment board shall allocate the end of
41 fiscal year market value between the permanent endowment funds and the earn-
42 ings reserve funds. This allocation shall be made based upon the proportion

1 that the market value of the permanent endowment funds and the market value
2 of the earnings reserve funds bear to the combined market value of both sets
3 of funds, at the end of the fiscal year.

4 (56) The investment board shall formulate investment policies govern-
5 ing the investment of permanent endowment funds and earnings reserve funds
6 and the investment of other funds accepted for investment by the investment
7 board pursuant to subsection (1) of this section. The policies shall pertain
8 to the types, kinds or nature of investment of any of the funds, and any lim-
9 itations, conditions or restrictions upon the methods, practices or proce-
10 dures for investment, reinvestments, purchases, sales or exchange transac-
11 tions, provided such policies shall not conflict with nor be in derogation of
12 any Idaho constitutional provision or of the provisions of this chapter.

13 (67) Annually, the investment board shall cause an audit to be con-
14 ducted of the investment of permanent endowment funds and earnings reserve
15 funds, such audit to be conducted by a recognized certified public accoun-
16 tant. The certified public accountant conducting the audit shall not be an
17 employee of the state. The expense of such audit shall be paid from earnings
18 reserve funds.

19 (78) The state treasurer shall invest the income funds of the respec-
20 tive endowment funds and distribute the moneys in the income funds according
21 to legislative appropriation.