

House Study Bill 504 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON COWNIE)

A BILL FOR

1 An Act authorizing political subdivisions to invest in certain
2 joint investment trusts that are operated in accordance with
3 the governmental accounting standards board.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 12B.10, subsection 5, paragraph a,
2 subparagraph (7), Code 2016, is amended to read as follows:

3 (7) (a) A joint investment trust organized pursuant
4 to chapter 28E prior to and existing in good standing on
5 the effective date of this Act or a joint investment trust
6 organized pursuant to chapter 28E after April 28, 1992,
7 provided that the joint investment trust shall ~~either be rated~~
8 one of the following:

9 (i) Rated within the two highest classifications by at
10 least one of the standard rating services approved by the
11 superintendent of banking by rule adopted pursuant to chapter
12 17A and operated in accordance with either 17 C.F.R. §270.2a-7,
13 ~~or be registered with the requirements of the governmental~~
14 accounting standards board for external investment pools.

15 (ii) Registered with the federal securities and exchange
16 commission under the federal Investment Company Act of 1940,
17 15 U.S.C. §80a-1, and operated in accordance with 17 C.F.R.
18 §270.2a-7.

19 (b) The manager or investment advisor of the joint
20 investment trust shall be registered with the federal
21 securities and exchange commission under the Investment Advisor
22 Act of 1940, 15 U.S.C. §80b-1.

23 EXPLANATION

24 The inclusion of this explanation does not constitute agreement with
25 the explanation's substance by the members of the general assembly.

26 Under current law, political subdivisions are authorized
27 to invest public funds in joint investment trusts that are
28 operated in accordance with federal law relating to money
29 market funds and that have either achieved a specified rating
30 or are registered with the federal Securities and Exchange
31 Commission.

32 This bill provides that those joint investment trusts that
33 have achieved the required specified rating must be operated in
34 accordance with either the federal law relating to money market
35 funds or with the governmental accounting standards board's

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1 requirements for external investment pools.