

AN ACT

ENTITLED, An Act to allocate expenses of the investment council to certain trust funds and to provide provisions for the investment and the distribution of certain trust funds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 4-5-30 be amended to read as follows:

4-5-30. The state investment officer, utilizing the facilities of the state budgetary accounting system, shall pool cash accounts within the funds enumerated in § 4-5-23. The Appropriations Committee of the Legislature, upon recommendations from the commissioner of finance and management, shall certify those funds which are to participate in the interest income of the pooled investments. The state investment officer shall credit the gain or interest due as a result of investments made pursuant to § 4-5-29 on a pro rata basis to the participating funds in the same ratio as the average daily cash balance of each fund bears to the total average cash balance of all funds.

At the beginning of each fiscal year the state treasurer shall transfer money from the South Dakota retirement fund, cement plant retirement fund, health care trust fund, education enhancement trust fund, the trust fund derived from the sale of state cement enterprises, and any other specific fund approved by the Bureau of Finance and Management, other than the state pooled fund account, to the investment council expense fund, which is hereby created in an amount equal to the ratio of the average assets in each fund for the previous fiscal year to the total average assets managed by the investment council for the previous fiscal year multiplied by the difference between the budget of the investment council for the fiscal year and the beginning cash balance in the investment council expense account. At the beginning of each fiscal year the state treasurer shall transfer money from the pooled income account to the investment council expense account in an amount equal to the ratio of the average daily cash balance of the pooled fund account for the previous fiscal year to total average assets managed by the investment council for the previous fiscal year multiplied by the

difference between the budget of the investment council for the fiscal year and the beginning cash balance in the investment council expense account. At the beginning of each fiscal year, the state treasurer shall transfer money from the general fund portion of the pooled income account to the investment council expense account in an amount equal to the ratio of the average daily cash balance of the permanent school and other educational fund provided for in Article VIII of the Constitution for the previous fiscal year to total average assets managed by the investment council for the previous fiscal year multiplied by the difference between the budget of the investment council for the fiscal year and the beginning cash balance in the investment council expense account.

Section 2. That § 4-5-26 be amended to read as follows:

4-5-26. Money made available for investment may be invested in the following classes of securities and investments and, except as provided by § 3-12-117, chapter 3-13, the South Dakota Cement Plant retirement fund, the permanent trust fund containing the net proceeds from the sale of state cement enterprises, the health care trust fund as provided in S.D. Const., Art. XII, § 5, and the education enhancement trust fund as provided in S.D., Art. XII, § 6, not otherwise:

- (1) Direct and indirect obligations of the United States government;
- (2) Agencies and instrumentalities of the United States government;
- (3) Direct obligations of the State of South Dakota and any of its political subdivisions;
- (4) Obligations consisting of notes, bonds, debentures, and certificates which are direct obligations of a solvent corporation or trust existing under the laws of the United States or any state thereof, if such investments are rated in the four highest classifications established by at least two standard rating services; or
- (5) Savings accounts, share accounts, certificates of deposit of banks, savings and loan associations, building and loan associations, and bankers' acceptances;
- (6) In addition to the investments authorized by subdivisions (1) to (5) of this section,

inclusive, the investment council may also allocate a sum certain of state public funds for investment in the accounts and certificates of South Dakota banks and associations. This sum shall initially be offered to South Dakota banks and associations, and if not initially fully subscribed, the investment officer shall immediately reoffer the unsubscribed sum to other qualified public depositories defined by subdivision 4-6A-1(7).

Section 3. Pursuant to S.D. Const., Art. XII, § 5, the state investment officer shall determine the market value of the health care trust fund as of June thirtieth each year less the investment expenses transferred pursuant to § 4-5-30. As soon as practicable after July first the state investment officer shall calculate an amount equal to four percent of that market value, without invading principal, as eligible for distribution. For the purpose of this section, the term, principal, means the sum of all contributions to the fund. Beginning with the distribution in fiscal year 2006, a four year average market value shall be used to calculate the distribution. Upon notice of that amount by the state investment officer, the state treasurer shall transfer the amount from the health care trust fund to the state general fund.

Section 4. Pursuant to S.D. Const., Art. XII, § 6, the state investment officer shall determine the market value of the education enhancement trust fund as of June thirtieth each year less the investment expenses transferred pursuant to § 4-5-30. As soon as practicable after July first the state investment officer shall calculate an amount equal to four percent of that market value, without invading principal, as eligible for distribution. For the purpose of this section, the term, principal, means the sum of all contributions to the fund. Beginning with the distribution in fiscal year 2006, a four year average market value shall be used to calculate the distribution. Upon notice of that amount by the state investment officer, the state treasurer shall transfer the amount from the education enhancement trust fund to the state general fund.

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I certify that the attached Act originated in the

SENATE as Bill No. 40

Secretary of the Senate

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President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 40
File No. _____
Chapter No. _____

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Received at this Executive Office this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

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The attached Act is hereby approved this _____ day of _____ , A.D., 20____

Governor

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STATE OF SOUTH DAKOTA,
ss.

Office of the Secretary of State

Filed _____ , 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State