

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

A Bill

SENATE BILL 480

5 By: Senator K. Hammer
6 By: Representative Wing
7

For An Act To Be Entitled

8 AN ACT TO AMEND THE LAW CONCERNING THE INVESTMENT OF
9 STATE FUNDS; AND FOR OTHER PURPOSES.
10

Subtitle

11 TO AMEND THE LAW CONCERNING THE
12 INVESTMENT OF STATE FUNDS.
13

14 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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16 SECTION 1. Arkansas Code § 19-3-518(b)(1)(B)(vii)-(xiv), concerning
17 the investment of state funds in the State Treasury in securities and bank
18 certificates of deposit, are amended to read as follows:
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20 (vii) ~~Obligations issued by the State Board of~~
21 ~~Education under authority of the Arkansas Constitution or applicable statutes~~
22 ~~that are not general obligations of a municipality, county, or other~~
23 ~~political subdivision of the state;~~
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25 (viii) ~~Warrants of a political subdivision or~~
26 ~~municipality of the State of Arkansas having maturities not exceeding one (1)~~
27 ~~year;~~
28

29 (ix) ~~Prerefunded municipal bonds, if the principal~~
30 ~~and interest of the municipal bonds are fully secured by the principal and~~
31 ~~interest of a direct obligation of the United States Government;~~
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33 (x) ~~The sale of federal funds with a maturity of not~~
34 ~~more than one (1) business day;~~
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36 (xi) Demand, savings, or time deposits or accounts
of a depository institution chartered by the United States, a state of the
United States, or the District of Columbia if funds invested in the demand,



1 savings, or time deposits or accounts are fully insured by a federal deposit
2 insurance agency;

3 ~~(xii)~~(ix) Repurchase agreements that are fully
4 collateralized by securities stated in subdivisions (b)(1)(B)(ii)-(v) of this
5 section if the repurchase agreement provides for taking delivery of the
6 collateral directly or through an authorized custodian;

7 ~~(xiii)~~(x) A securities or other interest in an open-
8 end type investment company or investment trust registered under the
9 Investment Company Act of 1940 and that is defined as a "money market fund"
10 under 17 C.F.R. § 270.2a-7 if:

11 (a) The portfolio of the investment company or
12 investment trust is limited principally to United States Government
13 obligations and to repurchase agreements fully collateralized by United
14 States Government obligations; and

15 (b) The investment company or investment trust
16 takes delivery of the collateral either directly or through an authorized
17 custodian; or

18 ~~(xiv)~~(xi) As approved by the guidelines established
19 by the State Treasury investment policy approved by the State Board of
20 Finance, a corporate obligation with an investment grade rating ~~of at least~~
21 ~~BBB, A2, P2, or an equivalent rating as indicated~~ by at least ~~two (2)~~ one (1)
22 nationally recognized statistical rating organizations.

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24 SECTION 2. Arkansas Code § 19-3-518(b)(3)(B), concerning the
25 investment of state funds in the State Treasury in securities and bank
26 certificates of deposit, is amended to read as follows:

27 (B) All ~~purchases and~~ sales of securities by the Treasurer
28 of State shall be made using a competitive procedure that:

29 (i) Is approved by the State Board of Finance; and

30 (ii) Has the goals of:

31 (a) Obtaining the optimal price and value for
32 the securities; and

33 (b) Not showing preference toward any
34 securities broker.

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36 SECTION 3. Arkansas Code § 19-3-518(d)(5), concerning the investment

1 of funds deposited into the State Treasury by state agencies, boards, and
2 commissions that were previously held as cash funds in a bank depository or
3 investment depository, is amended to read as follows:

4 (5) On the second business day that the State Treasury is open
5 after the twenty-fifth day of the month, the Treasurer of State shall
6 transfer or credit to the participants of the fund interest earned on ~~all~~
7 State Treasury funds invested as authorized under this section during the
8 preceding month less the proportionate share of any assessments for the
9 expenses of administration.

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