

PROPOSED
SENATE AMENDMENTS TO H.B. 2140
(Reference to House engrossed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 35-313, Arizona Revised Statutes, is amended to
3 read:

4 35-313. Investment of trust and treasury monies; loan of
5 securities

6 A. The state treasurer shall invest and reinvest trust and treasury
7 monies in any of the following items:

8 1. Obligations issued or guaranteed by the United States or any of
9 its agencies, sponsored agencies, corporations, sponsored corporations or
10 instrumentalities.

11 2. Repurchase agreements collateralized with securities that are
12 authorized for investment pursuant to state law and that are purchased
13 from authorized counterparties that have adequate capital and liquidity as
14 determined by the state treasurer.

15 3. Bonds or other evidences of indebtedness of this state or any of
16 the counties or incorporated cities, towns or duly organized school
17 districts.

18 4. Commercial paper whose issuer is investment grade for short-term
19 obligations by any two nationally recognized statistical rating
20 organizations.

21 5. Bills of exchange or time drafts known as banker's acceptances
22 that are drawn on and accepted by a commercial bank.

23 6. Negotiable certificates of deposit issued by a nationally or
24 state-chartered bank or savings and loan association.

25 7. Bonds, debentures, notes or other evidences of indebtedness that
26 are denominated in United States dollars and that carry an investment
27 grade rating by a nationally recognized bond rating agency.

28 8. Securities of or any other interests in any open-end or
29 closed-end management type investment company or investment trust,
30 including exchange traded products whose underlying investments are
31 invested in securities allowed by state law, registered under the
32 investment company act of 1940 (54 Stat. 789; 15 United States Code
33 sections 80a-1 through 80a-64), as amended. For any treasurer investment
34 pool that seeks to maintain a constant share price, both of the following
35 apply:

36 (a) The investment company or investment trust takes delivery of
37 the collateral for any repurchase agreement either directly or through an
38 authorized custodian.

39 (b) The investment policy of the investment company or investment
40 trust includes seeking to maintain a constant share price.

1 9. Certificates of deferred property taxes as provided by section
2 42-17309.

3 10. Treasurer's warrant notes issued pursuant to section 35-185.01
4 or registered warrants of a county issued pursuant to section 11-605, if
5 the yield is equal to or greater than yields on eligible investment
6 instruments of comparable maturities.

7 11. Shares in the treasurer's local government investment pools
8 pursuant to section 35-326 if investment policies of the pool seek to
9 maintain a constant share price.

10 12. Shares in the treasurer's long-term local government investment
11 pools, the terms of which are determined by the state board of investment,
12 pursuant to section 35-326.01.

13 ~~13. Subject to subsection D of this section, state transportation~~
14 ~~board funding obligations delivered pursuant to section 28-7678.~~

15 ~~14.~~ 13. Deposits placed in accordance with the procedures
16 prescribed in section 35-323.01.

17 ~~15.~~ 14. Institutional common trust funds whose underlying
18 investments are invested in securities allowed by state law.

19 ~~16.~~ 15. Program funding obligations delivered by the credit
20 enhancement eligibility board pursuant to section 41-5857.

21 16. PHYSICAL GOLD OR SILVER BULLION IF THE AMOUNT INVESTED IS
22 VALUED AT NOT MORE THAN TEN PERCENT OF THE TOTAL TRUST OR TREASURY MONIES
23 MEASURED AT COST AND THE GOLD AND SILVER BULLION IS HELD IN A COMMERCIAL
24 DEPOSITORY FOR PRECIOUS METALS THAT IS LOCATED WITHIN THE UNITED STATES
25 AND THAT MEETS CURRENT INDUSTRY STANDARDS FOR SECURE STORAGE, INSURANCE,
26 INDEPENDENT AUDITS AND PHYSICAL SEGREGATION FROM OTHER HOLDINGS.

27 B. In case of default or failure to honor a county treasurer's
28 warrant, the state treasurer may withhold the first state shared revenues
29 that would otherwise be distributed to the defaulting county in the amount
30 necessary to honor the note, including accrued interest to and beyond the
31 date of default.

32 C. The state treasurer may contract to loan securities owned by the
33 trust funds and operating monies deposited in the investment pools
34 pursuant to section 35-316, subsection B to the financial or dealer
35 community through one or more of the entities listed in section 35-317,
36 subsection A, or authorized by the board of investment pursuant to section
37 35-311, subsection E, if the borrower transfers collateral to the state
38 treasurer or acting agent of the state in the form of cash or securities
39 authorized for investment pursuant to state law. Collateral posted in the
40 form of cash shall be in an amount equal to at least one hundred percent
41 of the market value of the loaned securities as agreed. Collateral posted
42 in the form of securities shall be in an amount of at least one hundred
43 two percent of the market value of the loaned securities as established
44 from time to time by the board of investment. The loaned securities shall
45 be valued as to market value daily, and, if necessary, the borrower shall
46 post additional collateral, as agreed, to ensure that the required margin
47 is maintained. The state treasurer may collect from the borrower all
48 dividends, interest, premiums, rights and other distributions to which the
49 lender of securities would otherwise be entitled. The state treasurer may

1 terminate the contract on at least five business days' notice, as agreed,
2 and the borrower may terminate the contract on at least two business days'
3 notice, as agreed.

4 D. The state treasurer shall invest operating monies in state
5 transportation board funding obligations delivered pursuant to section
6 28-7678 pursuant to the following:

7 1. The state treasurer shall liquidate investments of operating
8 monies if necessary to invest in state transportation board funding
9 obligations, except that if operating monies in the state general fund
10 fall below an \$800,000,000 average over the previous twelve consecutive
11 months, the state treasurer is not required to purchase state
12 transportation board funding obligations pursuant to this subsection.

13 2. Each series of state transportation board funding obligations
14 shall bear interest at a fixed interest rate equal to the mean bid-ask
15 price of the United States treasury obligation with a maturity date
16 closest to the maturity date of the state transportation board funding
17 obligation as determined by the pricing system used by the state treasurer
18 before the date the state treasurer receives a certificate from the state
19 transportation board that states the board's determination to deliver an
20 obligation to the state treasurer and the anticipated delivery date of the
21 obligation. The delivery date shall be between fifteen and sixty days
22 after the day the state treasurer receives the certificate.

23 3. The state treasurer shall notify the state transportation board
24 and the director of the department of transportation in writing when the
25 operating monies fall below \$400,000,000. If operating monies fall below
26 \$200,000,000, the state treasurer may call the investment in the state
27 transportation board funding obligations in \$25,000,000 increments up to
28 the amount that the operating monies are below \$200,000,000. The state
29 treasurer shall give the state transportation board and the director of
30 the department of transportation at least fifteen days' notice of the
31 call."

32 Amend title to conform

J.D. MESNARD

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03/18/2026

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C: JR

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