

STATEMENT OF PURPOSE

RS24429

This legislation addresses a gap in the code concerning investment of funds not within the definition of Idle funds of the State of Idaho. Only Idle funds are within the provisions of Section 67-1210, Idaho Code and no other section addresses these investments. The Office of the Treasurer currently invests such funds and no changes to current practice are made by this legislation.

After the close of the 2015 legislative session, the Treasurer determined that he has no clear statutory authority to invest funds of the land grant endowments and other funds held in trust by the State. Trust funds include settlement funds for reclamation of mining sites, an endowment for the Ritter Island State Park, funds in the State Insurance Fund reserve, funds held for veterans residing at the state veterans home, and PERSI money processed for payout to retirees but not yet distributed. At the direction of agencies overseeing such funds, the Office of the Treasurer has been investing the funds as if they were Idle funds for decades. All the agencies surveyed by the Treasurer are in support of codifying the Treasurer's authority to continue this practice.

This legislation addresses the gap by striking confusing language exempting public endowments from the Treasurer's authority in Sections 67-1201 and 1210, Idaho Code and creating two new sections. Investment of the land grant endowments is addressed by new language in the existing Section 67-1202, Idaho Code. The amendment to Section 67-1202, Idaho Code recognizes and implements the Idaho Supreme Court's decision in State of Idaho v. Moon, 96 Idaho 140 (1974). The revised language maintains the legislature's designation of the Endowment Fund Investment Board as the agency with authority to select investments for the public endowments, and the Treasurer's constitutional role as the custodian of the Public School Permanent Endowment Fund. The amendment would authorize the Treasurer, at the request of the Endowment Fund Investment Board, to invest public endowment funds consistent with the provisions of the Prudent Investor Act.

A new Section 67-1227, Idaho Code is added to address trust and endowment funds not within the revised Section 67-1202, Idaho Code. Examples of these funds are the Bunker Hill settlement funds and the State Insurance Fund reserve. No new investments are authorized by this legislation and the costs of investment are paid by the agency or by the funds invested.

Lastly, a new Section 67-1228, Idaho Code establishes a fund to hold costs paid for investment and administration services paid pursuant to this legislation and other existing code provisions. The monies in this fund, or a fund designated by the agency, will be used to pay investment and administration costs of the permitted investments outside of Idle funds and the General Fund will not pay for such costs.

FISCAL NOTE

No General Fund monies will be used to pay investment expenses for agency requested investments. The costs of investment are paid by the agency requesting investment.

Contact:

Jace Perry, Investment Accountant
Treasurer's Office
(208) 332-2940