

## CHAPTER 6

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**GOVERNMENT - STATE**


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**HOUSE BILL 12-1005**

BY REPRESENTATIVE(S) Pabon, Becker, Brown, Casso, Ferrandino, Fischer, Gerou, Holbert, Hullinghorst, Jones, Kefalas, Kerr A., Kerr J., Labuda, Levy, Massey, McCann, Miklosi, Pace, Ryden, Schafer S., Solano, Soper, Summers, Todd, Vigil, Williams A., Wilson, Young;  
also SENATOR(S) Harvey, Aguilar, Boyd, Foster, Guzman, Morse, Schwartz.

**AN ACT****CONCERNING INVESTMENT OF PUBLIC FUNDS.**

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1.** In Colorado Revised Statutes, 24-75-601.1, **amend** (1) (b) (II) and (1) (m) (I); and **add** (1) (m) (III) as follows:

**24-75-601.1. Legal investments of public funds.** (1) It is lawful to invest public funds in any of the following securities:

(b) (II) No SUBORDINATED security may be purchased pursuant to this paragraph (b). ~~unless at the time of purchase, the security is rated in its highest rating category by two or more nationally recognized organizations that regularly rate such obligations and no such organizations rate the security lower than its highest rating category. Should the security issued as described in subparagraph (I) of this paragraph (b) fail to meet the minimum credit risk requirements, the security may be considered for purchase to the extent it conforms with the requirements of paragraph (m) of this subsection (1).~~

(m) (I) Any corporate or bank security ~~issued by a corporation or bank that is organized and operated within the~~ DENOMINATED IN United States ~~must mature~~ DOLLARS, THAT MATURES within three years from the date of settlement, ~~and~~ THAT at the time of purchase ~~must carry~~ CARRIES at least two credit ratings from any of the nationally recognized ~~credit rating agencies~~ STATISTICAL RATINGS ORGANIZATIONS, and ~~must~~ THAT IS not be rated below: "~~AA- or Aa3~~" by any ~~credit rating agency~~.

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

(A) "A1, P1, OR F1" OR THEIR EQUIVALENTS BY EITHER RATING USED TO FULFILL THE REQUIREMENTS OF THIS SUBPARAGRAPH (I) IF THE SECURITY IS A MONEY MARKET INSTRUMENT SUCH AS COMMERCIAL PAPER OR BANKERS' ACCEPTANCE; ~~then the security must carry at least two credit ratings from any of the nationally recognized credit rating agencies and must not be rated below "A1, P1, or F1" by any credit rating agency~~ OR

(B) "AA- OR AA3" OR THEIR EQUIVALENTS BY EITHER RATING USED TO FULFILL THE REQUIREMENTS OF THIS SUBPARAGRAPH (I) IF THE SECURITY IS ANY OTHER KIND OF SECURITY.

(III) NO SUBORDINATED SECURITY MAY BE PURCHASED PURSUANT TO THIS PARAGRAPH (m). NO SECURITY ISSUED BY A CORPORATION OR BANK THAT IS NOT ORGANIZED AND OPERATED WITHIN THE UNITED STATES MAY BE PURCHASED PURSUANT TO THIS PARAGRAPH (m) UNLESS THE GOVERNING BODY OF THE PUBLIC ENTITY AUTHORIZES INVESTMENT IN SUCH SECURITIES.

**SECTION 2. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: March 7, 2012