

## **Department of Planning and Budget**

### **2017 Fiscal Impact Statement**

**1. Bill Number:** SB1416-S2

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
<b>Second House</b>	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Newman

**3. Committee:** Finance

**4. Title:** Investment of Public Funds Act; investment of funds in the Virginia Investment Pool Trust Fund.

**5. Summary:** Authorizes political subdivisions to invest any or all of the moneys belonging to them or within their control, other than sinking funds, in (i) the Virginia Investment Pool Trust Fund that was formed prior to January 1, 2017, or (ii) any other jointly administered investment pool that is organized as a trust fund. In localities in which authority to invest moneys has been granted to its elected treasurer, the treasurer may act on behalf of his locality to become a participating political subdivision in qualified investment pools without an ordinance adopted by the locality approving a joint exercise of power agreement. A qualified investment pool is defined as a jointly administered investment pool that has a professional investment manager and has maintained for a period of one year at least (i) 40 or more participants and (ii) \$400 million in invested assets. Investments in the Virginia Investment Pool Trust Fund and other jointly administered investment pools shall comply with the requirements of the Investment of Public Funds Act (§2.2-4500 et seq.) applicable to municipal corporations and other political subdivisions.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Indeterminate; See Item 8 below.

**8. Fiscal Implications:** According to the Department of Treasury, the fiscal impact is indeterminate. This fund would be an alternative to Treasury's Local Government Investment Pool (LGIP) if localities choose to use it. Currently, Treasury charges LGIP participants four basis points to manage their LGIP funds. The potential fiscal impact to Treasury is the lost four basis points management fee for any participants that take funds out of the LGIP and use this new fund. The level of participation in the new fund is unknown at this time; however, Treasury currently funds 4.75 full-time equivalent positions with this fund source.

**9. Specific Agency or Political Subdivisions Affected:** Department of Treasury, public officers, municipal corporations, and other political subdivisions.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** Similar to HB2105-H1.

Date: February 8, 2017

File: 2017/EFIS/Posted/SB1416S2