

1 ENGROSSED SENATE
2 BILL NO. 957

By: Alvord of the Senate

and

Lawson of the House

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6 An Act relating to public finance; modifying
7 investment procedures relating to local governments;
8 modifying authorized investments; repealing 62 O.S.
9 2021, Sections 348.1 and 348.3, as amended by
10 Sections 1 and 2, Chapter 78, O.S.L. 2023 (62 O.S.
11 Supp. 2024, Sections 348.1 and 384.3), which relate
12 to the investment of funds; providing for
13 codification; and providing an effective date.

14 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

15 SECTION 1. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 348 of Title 62, unless there is
17 created a duplication in numbering, reads as follows:

18 A. The governing board of any political subdivision of this
19 state, as defined by Section 152 of Title 51 of the Oklahoma
20 Statutes, may authorize a written investment policy, ordinance, or
21 resolution permitting and directing the treasurer or other duly
22 authorized officer or employee of the political subdivision to
23 invest public funds. Any written investment policy shall address
24 liquidity, diversification, safety of principal, yield, maturity and
emphasis on safety and liquidity in the investment of funds. A

1 written investment policy shall, to the extent practicable, provide
2 for the use of competitive bids when purchasing brokered securities.
3 However, this section shall not be construed as preventing the use
4 of sound investment judgment when purchasing brokered securities.

5 B. The written policy, ordinance, or resolution may authorize
6 the treasurer or other duly authorized officer or employee of the
7 political subdivision to purchase and invest in any or all of the
8 following:

9 1. Direct obligations of the federal government, the payment of
10 which the full faith and credit of the federal government is
11 pledged, its agencies, or its instrumentalities; and of federal
12 agencies or federal government-sponsored enterprise obligations,
13 participations, or other instruments, including those issued by or
14 fully guaranteed as to principal and interest by federal agencies or
15 federal government-sponsored enterprises;

16 2. Obligations, the payment of which the full faith and credit
17 of this state is pledged, or investment grade obligations of state
18 agencies, public trusts, authorities, or instrumentalities rated A+
19 or better by S&P Global or A1 or better by Moody's Ratings or
20 equivalent by other securities ratings organization;

21 3. Collateralized or insured certificates of deposits of banks,
22 savings and loan associations, savings banks, or credit unions
23 located within the state and located out of the state when such
24 certificates of deposits are secured by acceptable collateral;

1 4. Negotiable certificates of deposit issued by a nationally or
2 state-chartered bank, a savings bank, a savings and loan
3 association, or a state-licensed branch of a foreign bank;

4 5. Savings accounts or savings certificates of banks, savings
5 and loan associations, or credit unions where the funds are either
6 secured by acceptable collateral or fully insured by the Federal
7 Deposit Insurance Corporation or the National Credit Union
8 Administration;

9 6. Direct debt obligations of county, municipal, or school
10 districts or their authorities for which an ad valorem tax may be
11 levied or paid by bond and revenue anticipation note; and of money
12 judgments against a county, municipal, or school district paid by
13 bonds or bond and revenue anticipation notes issued by a public
14 trust of which the county, municipality, or school district is a
15 beneficiary thereof;

16 7. Prime banker's acceptances which are eligible for purchase
17 by the Federal Reserve System and which do not exceed two hundred
18 seventy (270) days' maturity; provided, purchase of prime banker's
19 acceptances shall not exceed ten percent (10%) of the surplus funds
20 of the political subdivision which may be invested according to this
21 section; however, the restrictions of this paragraph shall not apply
22 to purchases of prime banker's acceptances by qualified pooled
23 investment programs established under paragraph 11 of this section;

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1 8. Prime commercial paper which shall not have a maturity that
2 exceeds one hundred eighty (180) days nor represent more than ten
3 percent (10%) of the outstanding paper of an issuing corporation.
4 Purchases of prime commercial paper shall not exceed seven and one-
5 half percent (7 1/2%) of the surplus funds of the political
6 subdivision which may be invested pursuant to this section; however,
7 the restrictions in this paragraph shall not apply to purchases of
8 prime commercial paper by qualified pooled investment programs
9 established under paragraph 11 of this section;

10 9. Repurchase agreements that have underlying collateral
11 consisting of those items specified in paragraphs 1 through 8 of
12 this subsection;

13 10. Money market funds regulated by the United States
14 Securities and Exchange Commission and which investments consist of
15 those items and those restrictions specified in paragraphs 1 through
16 9 of this subsection; or

17 11. Qualified pooled investment programs, the investments of
18 which consist of those items specified in paragraphs 1 through 10 of
19 this subsection. To be qualified, a pooled investment program must
20 be governed through an interlocal cooperative agreement formed
21 pursuant to Sections 1001 through 1008 of Title 74 of the Oklahoma
22 Statutes.

23 C. Any political subdivision which elects to participate in a
24 local government investment pool shall be deemed to have authorized

1 investments in the items specified in paragraphs 1 through 10 of
2 subsection B, notwithstanding any differences in the written
3 investment plans adopted by the governing body.

4 D. The income received on any investment may be placed in the
5 general fund, rainy day fund, capital reserve fund, or the fund from
6 which the investment was made.

7 E. Investments shall be made with judgment and care, under
8 circumstances then prevailing, which persons of prudence,
9 discretion, and intelligence exercise in the management of their own
10 affairs, not for speculation, but for investment, considering the
11 probable safety of their capital as well as the probable income to
12 be derived.

13 F. This section shall not prohibit public retirement systems
14 from investing under any other system authorized under state law.

15 SECTION 2. REPEALER 62 O.S. 2021, Sections 348.1 and
16 348.3, as amended by Sections 1 and 2, Chapter 78, O.S.L. 2023 (62
17 O.S. Supp. 2024, Sections 348.1 and 384.3), are hereby repealed.

18 SECTION 3. This act shall become effective November 1, 2025.
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