

Amendment - 2nd Reading/2nd House-tan - Requested by: Forrest Mandeville - (S)
Committee of the Whole

- 2025

69th Legislature 2025

Drafter: Julie Johnson,

HB0863.001.013

HOUSE BILL NO. 863

INTRODUCED BY L. JONES, J. ESP, C. GLIMM, D. BEDEY, B. MERCER, E. TILLEMANN, K. WALSH

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING STATE FINANCE LAWS; CAPPING
INVESTMENT COSTS FOR THE BOARD OF INVESTMENTS; PROVIDING AN APPROPRIATION;
AMENDING SECTION SECTIONS 17-6-201 AND 17-7-102, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-6-201, MCA, is amended to read:

"17-6-201. Unified investment program -- general provisions. (1) The unified investment program directed by Article VIII, section 13, of the Montana constitution to be provided for public funds must be administered by the board of investments in accordance with the prudent expert principle, which requires an investment manager to:

(a) discharge the duties with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like matters exercises in the conduct of an enterprise of a like character with like aims;

(b) diversify the holdings of each fund within the unified investment program to minimize the risk of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do so; and

(c) discharge the duties solely in the interest of and for the benefit of the funds forming the unified investment program.

(2) (a) Retirement funds may be invested in common stocks of any corporation.

(b) Other public funds may not be invested in private corporate capital stock. "Private corporate capital stock" means only the common stock of a corporation.

(3) (a) This section does not prevent investment in any business activity in Montana, including activities that continue existing jobs or create new jobs in Montana.

(b) The board is urged under the prudent expert principle to invest up to 3% of retirement funds in

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1 venture capital companies. Whenever possible, preference should be given to investments in those venture
2 capital companies that demonstrate an interest in making investments in Montana.

3 (c) In discharging its duties, the board shall consider the preservation of purchasing power of
4 capital during periods of high monetary inflation.

5 (d) The board may not make a direct loan to an individual borrower. The purchase of a loan or a
6 portion of a loan originated by a financial institution is not considered a direct loan.

7 (e) This section does not prevent investment in home loan mortgages under the provisions of the
8 Montana veterans' home loan mortgage program provided for in Title 90, chapter 6, part 6.

9 (4) The board has the primary authority to invest state funds. Another agency may not invest state
10 funds unless otherwise provided by law. The board shall direct the investment of state funds in accordance with
11 the laws and constitution of this state. The board has the power to veto investments made under its general
12 supervision.

13 (5) The board shall:

14 (a) assist agencies with public money to determine if, when, and how much surplus cash is
15 available for investment;

16 (b) determine the amount of surplus treasury cash to be invested;

17 (c) determine the type of investment to be made;

18 (d) prepare the claim to pay for the investment; and

19 (e) keep an account of the total of each investment fund and of all the investments belonging to
20 the fund and a record of the participation of each treasury fund account in each investment fund.

21 (6) The board may:

22 (a) execute deeds of conveyance transferring real property obtained through investments. Prior to
23 the transfer of real property directly purchased and held as an investment, the board shall obtain an appraisal
24 by a qualified appraiser.

25 (b) direct the withdrawal of funds deposited by or for the state treasurer pursuant to 17-6-101 and
26 17-6-105;

27 (c) direct the sale of securities in the program at their full and true value when found necessary to

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raise money for payments due from the treasury funds for which the securities have been purchased.

(7) The cost of administering and accounting for each investment fund must be deducted from the income from each fund, other than the fund derived from land granted to the state pursuant to the Morrill Act of 1862, 7 U.S.C. 301 through 308, and the Morrill Act of 1890, 7 U.S.C. 321 through 329. An appropriation to pay the costs of administering and accounting for the Morrill Act fund is provided for in 77-1-108.

(8) The total investment costs of the board associated with the unified investment program for a fiscal year, including board management fees and external management fees, may not exceed 0.27% of the amount reported as total investments in the statement of fiduciary net position as of June 30 of the preceding fiscal year."

Section 2. Section 17-7-102, MCA, is amended to read:

"17-7-102. (Temporary) Definitions. As used in this chapter, the following definitions apply:

(1) "Additional services" means different services or more of the same services.

(2) "Agency" means all offices, departments, boards, commissions, institutions, universities, colleges, and any other person or any other administrative unit of state government that spends or encumbers public money by virtue of an appropriation from the legislature under 17-8-101.

(3) "Approving authority" means:

(a) the governor or the governor's designated representative for executive branch agencies;

(b) the chief justice of the supreme court or the chief justice's designated representative for judicial branch agencies;

(c) the speaker for the house of representatives;

(d) the president for the senate;

(e) appropriate legislative committees or a designated representative for legislative branch agencies; or

(f) the board of regents of higher education or its designated representative for the university system.

(4) (a) "Base budget" means the resources for the operation of state government that are of an