



*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**FISCAL IMPACT**

**Drafting Number:** LLS 12-0421  
**Prime Sponsor(s):** Rep. Pace  
 Sen. Giron

**Date:** February 20, 2012  
**Bill Status:** House Finance  
**Fiscal Analyst:** Kirk Mlinek (303-866-4782)

**TITLE:** CONCERNING A REQUIREMENT THAT THE STATE TREASURER INVEST A SPECIFIED AMOUNT OF STATE MONEYS IN DOMESTIC FIXED INCOME SECURITIES ISSUED FOR THE PURPOSE OF RAISING CAPITAL FOR COLORADO BUSINESSES SO LONG AS THE STATE TREASURER CAN DO SO WITHOUT VIOLATING THE STATE TREASURER'S EXISTING DUTY TO USE PRUDENCE AND CARE TO PRESERVE THE PRINCIPAL AND TO SECURE THE MAXIMUM RATE OF INTEREST CONSISTENT WITH SAFETY AND LIQUIDITY WHEN INVESTING STATE MONEYS.

<b>Fiscal Impact Summary</b>	<b>FY 2012-2013</b>	<b>FY 2013-2014</b>
<b>State Revenue</b>	See State Revenue and Expenditures section.	
<b>State Expenditures</b>		
<b>FTE Position Change</b>		
<b>Effective Date:</b> The bill is effective August 8, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.		
<b>Appropriation Summary for FY 2012-2013:</b> None required.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

The bill requires the state treasurer to invest no less than \$25 million of state moneys in domestic fixed income securities issued for the purpose of raising capital for one or more businesses that are incorporated in, or have their corporate headquarters in, Colorado. Such investment is to be made only if it fits within the treasurer's existing parameters of fiduciary responsibilities regarding principal preservation, maximization of yield, safety, and liquidity.

For information purposes, fixed income securities include debt instruments with a fixed or floating coupon, and that generally have a fixed maturity and redemption date. The most common issuers are major companies, government bodies such as the federal government, states, public institutions, and various international organizations.

**State Revenue and Expenditures**

The bill gives guidance to the state treasurer, who is responsible for investment of the state's money. The bill restricts the treasurer to investing in Colorado companies only to the extent that such investments are within the existing statutory requirement that the treasurer use prudence and care with regard to principal preservation, maximization of yield, safety, and liquidity. The bill is not expected to affect the state's rate of return on investments. The investment responsibilities described in the bill will be handled in the normal course of business and, as such, existing resources can be used to perform those tasks.

**Departments Contacted**

Treasury