

SENATE BILL NO. 493

INTRODUCED BY F. THOMAS, HALLIGAN, BECK, BERRY, BITNEY, BOOKOUT-REINICKE, R. BROWN,
 COCCHIARELLA, DELL, DEPRATU, ELLIS, FACEY, FORRESTER, GILLAN, GOLIE, GROSFIELD, HARRIS,
 JACOBSON, JENT, JERGESON, R. JOHNSON, KASTEN, LASZLOFFY, LAWSON, LENHART, LEWIS,
 LINDEEN, MASOLO, MCCARTHY, MCGEE, MCKENNEY, MCNUTT, MOOD, ROUSH, RYAN, SHEA,
 SLITER, STAPLETON, STONINGTON, STORY, TAYLOR, WANZENRIED, WITT, YOUNKIN

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT ALL PUBLIC FUNDS BE INVESTED IN
 ACCORDANCE WITH PRUDENT EXPERT PRINCIPLES BY REMOVING THE RESTRICTION ON INVESTMENT
 IN PRIVATE CORPORATE CAPITAL STOCK; SUBMITTING TO THE QUALIFIED ELECTORS OF MONTANA
 AN AMENDMENT TO ARTICLE VIII, SECTION 13, OF THE MONTANA CONSTITUTION; AND PROVIDING
 AN EFFECTIVE DATE."

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

Section 1. Article VIII, section 13, of The Constitution of the State of Montana is amended to
 read:

**"Section 13. Investment of public funds and public retirement system and state compensation
 insurance fund assets.** (1) The legislature shall provide for a unified investment program for public funds
 and public retirement system and state compensation insurance fund assets and provide rules therefor,
 including supervision of investment of surplus funds of all counties, cities, towns, and other local
 governmental entities. Each fund forming a part of the unified investment program shall be separately
 identified. ~~Except as provided in subsections (3) and (4), no public funds shall be invested in private
 corporate capital stock.~~ The investment program shall be audited at least annually and a report thereof
 submitted to the governor and legislature.

(2) The public school fund and the permanent funds of the Montana university system and all
 other state institutions of learning shall be safely and conservatively invested in:

(a) Public securities of the state, its subdivisions, local government units, and districts within the
 state, or

(b) Bonds of the United States or other securities fully guaranteed as to principal and interest by

1 the United States, or

2 (c) Such other safe investments ~~bearing a fixed rate of interest as may be provided by law~~ that
3 a prudent expert acting in a fiduciary capacity and familiar with the circumstances would use in investing
4 a fund guaranteed against loss or diversion.

5 (3) Investment of public retirement system assets shall be managed in a fiduciary capacity in the
6 same manner that a prudent expert acting in a fiduciary capacity and familiar with the circumstances
7 would use in the conduct of an enterprise of a similar character with similar aims. Public retirement system
8 assets may be invested in private corporate capital stock.

9 (4) Investment of state compensation insurance fund assets shall be managed in a fiduciary
10 capacity in the same manner that a prudent expert acting in a fiduciary capacity and familiar with the
11 circumstances would use in the conduct of a private insurance organization. State compensation insurance
12 fund assets may be invested in private corporate capital stock. However, the stock investments shall not
13 exceed 25 percent of the book value of the state compensation insurance fund's total invested assets."

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15 NEW SECTION. Section 2. Effective date. If approved by the electorate, this amendment is
16 effective January 1, 2003.

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18 NEW SECTION. Section 3. Submission to electorate. This amendment shall be submitted to the
19 qualified electors of Montana at the general election to be held in November 2002 by printing on the ballot
20 the full title of this act and the following:

21 [] FOR requiring that all public funds be invested in accordance with prudent expert principles
22 by removing the restriction on investment in private corporate capital stock.

23 [] AGAINST requiring that all public funds be invested in accordance with prudent expert
24 principles by removing the restriction on investment in private corporate capital stock.

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