



General Assembly

February Session, 2002

Raised Bill No. 5548

LCO No. 1885

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

AN ACT CONCERNING THE STATE TREASURER'S POWER TO INVEST IN REAL ESTATE INVESTMENT TRUSTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 3-13d of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (a) Notwithstanding any other provision in the general statutes or
5 elsewhere to the contrary, the Treasurer shall invest as much of the
6 state's trust funds as are not required for current disbursements in
7 accordance with the provisions of section 45a-203 or the provisions of
8 this part. Notwithstanding the provisions of this section or any other
9 provision in the general statutes or elsewhere to the contrary, the
10 Treasurer shall not invest more than sixty per cent of the market value
11 of each such trust fund in common stock, except in the event of a stock
12 market fluctuation that causes the common stock percentage to
13 increase and the Treasurer deems it in the best interest of such trust
14 fund to maintain a higher percentage of equities, provided the
15 Treasurer shall not allow the market value of each such trust fund in
16 common stock to exceed sixty-five per cent for more than six months

17 after such fluctuation occurs. [Investments in real estate investment
18 trusts (REITS) shall be considered alternative investments and not
19 common stock investments under this section.] On and after January 1,
20 2001, or on and after the first adoption of an investment policy
21 statement under section 3-13b, whichever is later, all trust fund
22 investments shall be made in accordance with the investment policy
23 statement adopted under section 3-13b. In order to increase the income
24 for each such combined investment fund established pursuant to
25 section 3-31b, the Treasurer may enter into repurchase agreements or
26 lend securities from each such fund, provided that at the time of the
27 execution of the repurchase agreement or the loan at least one hundred
28 per cent of the market value of the security sold or lent shall be
29 received as consideration in the form of cash or securities guaranteed
30 by the United States government or any agency of the United States
31 government in the case of a repurchase agreement or secured by cash
32 or such securities in the case of a loan. At all times during the term of
33 each such repurchase agreement or the term of each such loan the
34 consideration received or the collateral shall be equal to not less than
35 ninety-five per cent of the full market value of the security and said
36 consideration received or said collateral shall not be more than one
37 hundred thousand dollars less than the full market value of the
38 security. The Treasurer may sell call options which would give the
39 holders of such options the right to purchase securities held by the
40 Treasurer at the date the call is sold for investment purposes, under
41 such terms and conditions as the Treasurer may determine. Among the
42 factors to be considered by the Treasurer with respect to all securities
43 may be the social, economic and environmental implications of
44 investments of trust funds in particular securities or types of securities.
45 In the investment of the state's trust funds the Treasurer shall consider
46 the implications of any particular investment in relation to the foreign
47 policy and national interests of the United States.

This act shall take effect as follows:	
Section 1	<i>from passage</i>

Statement of Purpose:

To allow state investment in certain index funds which may include real estate investment trusts.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]