

Bill No.: HB0089 **Effective:** 7/1/2023

LSO No.: 23LSO-0181

Enrolled Act No.: HEA No. 0080

Chapter No.: 157

Prime Sponsor: Select Committee on Capital Financing & Investments

Catch Title: **State investment returns-adequate reserve funding.**

Subject: State permanent fund/reserve account investment performance.

Summary/Major Elements:

- The Permanent Wyoming Mineral Trust Fund, Common School Account within the Permanent Land Fund, Excellence in Higher Education Endowment Fund and the Hathaway Student Scholarship Endowment are inviolate permanent funds, each maintaining their own reserve account. Each reserve account guarantees that a certain level of beneficiary funding will be available each year even if earnings from the associated permanent fund do not satisfy guaranteed funding amounts (i.e., the "spending policy").
- Each reserve account maintains a statutorily set "tip" amount. The tip amount establishes the maximum size of each reserve account before excess funds in the reserve account are deposited into the associated permanent fund.
- This act adjusts each reserve account's tip amount to allow the reserve account to accumulate an amount of money equal to seven (7) years of its maximum annual expenditure obligation. By allowing the reserve accounts to maintain seven (7) years of reserves, each reserve account and its associated permanent fund are more financially stable, and the state treasurer can invest monies in the permanent funds, and in some instances the reserve accounts, using longer-term investment strategies that will likely provide higher investment returns.
- While the four (4) permanent funds addressed by this act are inviolate - meaning their corpuses are protected from being appropriated or depleted - the reserve accounts are not. This act amends the statutory language that creates each reserve account to express the Legislature's intent that each reserve account be treated as inviolate. The act states that, if the reserve accounts are not treated as inviolate, the benefits of maintaining larger reserve amounts in each reserve account will be diminished.
- The Budget Bill (2023 House Bill 0001) appropriates six hundred thirty-nine million six hundred thousand dollars (\$639,600,000.00) from savings to the reserve accounts

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addressed in this act to allow each account to maintain approximately five (5) times its annual spending obligation.

- The act removes an unnecessary obligation on the permanent Wyoming Mineral Trust Fund reserve account related to a loss reserve account for local infrastructure loans and states the Legislature's intent that a specified appropriation from the Hathaway Scholarship Expenditure Account not be funded from the Account in the 2025-26 fiscal biennium or thereafter.

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