



WYOMING LEGISLATIVE SERVICE OFFICE

Memorandum

DATE June 5, 2024

TO Select Committee on Capital Financing & Investments

FROM Catherine Camarotte, Associate Fiscal Analyst

SUBJECT Local Government Investment in Equities

This memorandum relates to the Select Committee's 2024 interim topic priority #1, Local Government Funds/Investment in Equities, which states:

The Select Committee will study alternatives and options for the investment of local government funds in equities in addition to a state-managed investment pool.

Discussion: In 2022, the Wyoming Constitution was amended to provide for the investment of local government funds in stocks and equities. In 2024, the Legislature enacted Senate File 90, which established a third local government investment pool for the investment of local government funds in stocks and equities. Building on Senate File 90, the Select Committee plans to study alternatives and additional options for the investment of local government funds in equities.

MEMORANDUM IN BRIEF

Recent changes to the Wyoming Constitution allow the Legislature to provide for local government investments in equities. Legislation adopted in the 2024 Budget Session directs the Wyoming State Treasurer to administer a local government equity pool upon request of a local government. After research, it appears that most states do not have express statutory authorization for local governments to invest in equities. Colorado, Kentucky, and Minnesota have statutory provisions for local government investment in equities, with each authorizing local governments to invest in equities but also providing limitations and restrictions on those investments. Further, the Government Finance Officers Association (GFOA) cautions that the risk profile of equities make them unsuitable for local government investment (see footnote 13).

WYOMING CONSTITUTIONAL AND STATUTORY PROVISIONS

Constitutional Provisions: Currently, Article 16, Section 6 of the Wyoming Constitution restricts the investment of State funds in stocks and other equities to only permanent funds of the State and funds of the public employee retirement systems. For investment of non-permanent funds of the State, the Legislature can provide for investment in capital stock (equities) with two-thirds vote of both houses of the Legislature.

Statutory Provisions: For purposes of investments in equities, Wyoming statute defines state permanent funds (W.S. 9-4-714(a)(v)), and W.S. 9-4-715(b) expressly grants the State Treasurer authorization to invest permanent funds in equities.¹

Statutory Permission for Equity Investing in Non-permanent Funds: Since the authorization to invest nonpermanent state funds in equities was enshrined in the Wyoming Constitution, the Legislature has specified funds, or portions of funds, that may be invested in equities:

- Pool A and the specific funds, W.S. 9-4-715(p).
- A portion of the Legislative Stabilization Reserve Account, W.S. 9-4-715(q)(iii).
- The unobligated, unencumbered balance of the Permanent Wyoming Mineral Trust Fund Reserve Account, and the unobligated, unencumbered balance of the Common School Permanent Fund Reserve Account, W.S. 9-4-715(r).

RECENT LEGISLATION

In 2021, the Legislature passed House Joint Resolution 9 (2021 HJ 9), which proposed an amendment to Article 16, Section 6 of the Wyoming Constitution to allow the Legislature to prescribe by law how counties, cities, townships, towns, school districts, or any other political subdivision may invest in the capital stock of any association or corporation and designate which funds may be invested.² With the 2022 General Election, HJ 9, or Constitutional Amendment A, was ratified into law by a majority of the electors in the state of Wyoming. The constitutional amendment also provides that the Legislature may establish different criteria for investing based on the class of political subdivision, and for each type of fund by a two-thirds vote of all the members of each of the two houses voting separately. During the introduction of 2021 HJ 9, the sponsor stated the Resolution sought to provide an option for cities, towns, and counties to invest monies held in perpetuity into equities and reallocate the investment earnings to local projects.³

In the 2024 Budget Session, the Legislature adopted Senate File 90 which directs the State Treasurer to invest local government funds in stocks and equities on a pooled basis, upon request of a local government.⁴ This legislation outlines that the purpose of the new (and third) state-managed Local Government Investment Pool (LGIP) is for local governmental entities to invest in equities with long-term redemption options subject to penalties related to early withdrawals, and other rules adopted by the State Treasurer.

¹ W.S. 9-4-714(a)(v) provides for the definition of "Permanent funds" by stating, "means the permanent Wyoming mineral trust fund under W.S. 9-4-204(u)(iii), the Wyoming permanent land fund under W.S. 9-4-204(u)(iv), the excellence in higher education endowment fund under W.S. 9-4-204(u)(vi), the Hathaway student scholarship endowment fund under W.S. 9-4-204(u)(vii), the Hathaway expand Wyoming scholarship endowment fund under W.S. 9-4-204(u)(viii) and the Wyoming's tomorrow scholarship endowment fund under W.S. 9-4-204(u)(ix);"

W.S. 9-4-715(b) provides, "The state treasurer, or his designee, which shall be registered under the Investment Advisor's Act of 1940 as amended if required to be registered by the terms of that act as amended, may invest the permanent funds in equities, including stocks of corporations in accordance with subsections (a) through (e) of this section and W.S. 9-4-716. The state treasurer shall report at least annually to the select committee on capital financing and investments, the joint appropriations committee and the investment funds committee on the analysis conducted pursuant to paragraph (d)(ii) of this section and W.S. 9-4-716(b)(ix) and (e)."

² [2021 Wyoming Session Laws, House Enrolled Joint Resolution 2.](#)

³ [House Floor Session – Day 22, March 19, 2021 - PM, 58:18:00 - 1:15:47, Wyoming Legislature, March 19, 2021, Legislative Service Office Youtube.](#)

⁴ [2024 Wyoming Session Laws, Senate File 0090.](#)

WyoSTAR I and WyoSTAR II:⁵ In 1987, the Legislature authorized any county, municipality, school district or any other local government entity to participate in the Wyoming Short Term Asset Return program.⁶ The purpose of WyoSTAR I is to invest in short-term fixed income investments with the primary objectives of risk management and liquidity, in respective order. The State Treasurer's Office guarantees the availability of funds in WYO STAR I with 24 hours' notice. In 2016, the Legislature adopted 2016 SF 19.⁷ This legislation authorized any county, municipality, school district, or any other local government entity to participate in the WyoSTAR II, a pooled fund operated by the State Treasurer with longer-term redemption options (W.S. 9-4-831(a)(xxvii)). The purpose of WyoSTAR II is to invest in long-term fixed income with the primary objectives of higher returns while preserving the corpus. The State Treasurer guarantees the availability of funds within three (3) days of request by participants. The State Loan and Investment Board has established an Investment Policy Statement (IPS) that includes elements such as target allocation, liquidity requirements, diversification and permissible investments. The pools are managed by J.P. Morgan Asset Management, and each participant in WyoSTAR has an individual interest in the pool based on the ratio of their respective cash balance as a percentage of the total cash balance of the pool. Manager performance is reviewed quarterly by the State Loan and Investment Board's consultant, RVK. Table A includes the number of active participants, the balances, earnings, and the total book return for WyoSTAR I and WyoSTAR II for June 30, 2023 and May 31st, 2024.

Table A: WyoSTAR I and II Participants and Balances as of June 30, 2023 and May 31st, 2024

	WyoSTAR I: June 30,2023	WyoSTAR II: June 30, 2023	WyoSTAR I: May 31 st 2024	WyoSTAR II: May 31 st 2024
Active Participants*	161	36	164	31
Pool Balance	\$738,314,564	\$120,998,547	\$523,365,849	\$50,775,562
Participant Earnings	\$23,380,881	(\$58,721)	\$21,463,817	\$1,133,674
Total Book Return (net of fees)	2.84%	-1.79%	4.26%	1.79%

Source: State Treasurer's Office Annual Report 2023 and State Treasurer's Office update as of May 31st 2024 per LSO request. Some participants may have multiple accounts.

The pool balance and participant earnings as of May 31st, 2024 do not include the income distribution for May, as the income distribution has not yet occurred. The "Total Book Return" figures reported in the third and fourth column are for the period beginning July 1st, 2023 through May 31st, 2024.

REVIEW OF OTHER STATE STATUTES

The LSO Legal Division reviewed state statutes for permissible investments that local governments are authorized to make. There were many instances where other states' statutes did not expressly reference stocks or equities as a permitted investment for local governments. The general trend appears to be that

⁵ "**Wyoming State Treasurer Annual Report**," Wyoming State Treasurer's Office, July 1, 2022 - June 30, 2023, page 38.

⁶ W.S. 9-1-416(a) " Upon request by any county, municipality, school district or any other local government entity, and as provided in W.S. 9-3-503(a), the state treasurer shall invest funds of one (1) or more of those entities on a pooled basis in the same manner as the state treasurer makes short term investments of state funds."

⁷ **2016 Wyoming Session Laws, SF 0019.**

states that authorize local governments to invest their funds in equities are the exception. The full list of states LSO identified with relevant statutory provisions summarized is in Appendix A.

LSO found three states—Colorado, Kentucky, and Minnesota—that have some explicit statutory permission for equity investments for local governments. The statutes for each of these states includes restrictions applicable to local governments that invest in equities.

For Colorado, there are restrictions as to the size of the local government, type of funds, type of equities and amounts that may be invested. Kentucky’s statutory provisions for local government investments in equities require that the funds be managed by a professional investment manager who is overseen by a federal regulatory agency. Additionally, the equities in which funds are invested must be included within the S&P 500 index, and there are restrictions on the amount invested. Kentucky law also includes provisions for local governments on the purchase of investments, the adoption of an investment policy statement, delegation of the investment authority, and financial reporting requirements. Minnesota statutes for local government investment in equities define eligible entities, type of funds, amounts, and restrictions on the manner of investments. More detail is provided for the identified states:

- **Colorado Rev. Stat. –Legal Investments - 24-75-605, 24-75-704**, allows for cities of 25,000 or more that have money in policeman or firefighters’ pension funds or other special funds including pension, endowment, and trust funds to invest or reinvest these moneys in stocks, preferred or common, or bonds of corporations, created or existing under the laws of the United States that are listed on a national stock exchange in the United States. Local governments can pool funds for investment in a trust fund, and those investments are limited to those instruments that all participating local governments may individually invest in by law.
- **Kentucky Rev. Stat. – Investment of Public Funds – 66.480.**, allows the governing body of a city, counties, school district, or other local governmental unit or political subdivision to invest and reinvest money subject to its control and jurisdiction in individual equity securities if the funds being invested are managed by a professional investment manager that is regulated by a federal regulatory agency. The individual equity securities shall be included within the S&P 500 index and shall not exceed (25%) of the equity allocation. The investment authority provided by statute for local government investment in equities is subject to further limitations, including a limitation specifying that the amount of money invested at any time by a local government or political subdivision in any one category of investments shall not exceed twenty percent (20%) of the total amount of money invested.⁸ The amount of money invested at any one time in shares of mutual funds, individual equity securities, and individual high-quality corporate bonds, shall not aggregately exceed forty percent (40%) of the total money invested, unless the investment is in a mutual fund consisting solely of certain investments as listed by statute. At the time of the investment, no more than five percent (5%) of the total amount of money may be invested by the local governments or political subdivisions with any one (1) issuer except for certain provisions.
- **Minnesota Stat. Ann. – Additional Long Term – Equity Investment Authority – 118A.09.**, establishes a definition for a qualifying government as a county or statutory or home rule charter city with a population of more than 100,000 or whose most recent long-term, senior, general obligation rating by one or more national rating organization in the prior 18-month period is A or higher. Qualifying governments may only invest its funds that are held for long-term capital plans authorized by the city council or county board or long-term obligations of the qualifying government. Long-term obligations of the qualifying government include long-term capital plan reserves, funds held to offset

⁸ Kentucky Rev. State – Investment of Public Funds – 66.480 types of investments, -uncollateralized certificates of deposits issued by any financial institution, bank acceptances, shares of mutual funds/exchange traded funds, commercial paper, individual equity securities, commercial paper, corporate bonds.

long-term environmental exposure, other postemployment benefit liabilities, compensated absences and other long-term obligations established by applicable accounting standards. Qualifying governments may invest up to fifteen (15%) percent of the sum of unassigned cash, cash equivalents, deposits, and investments in index mutual funds based in the United States and indexed to a broad market United States equity index, on the condition that index mutual fund investments must be made directly with the main sales of the office of the fund or with the Minnesota State Board of Investment (SBI) subject to terms and minimum amounts as may be adopted by the Board. Before investing, the governing body must adopt a resolution that specifically includes all of the following:

- The governing body understands that investments in index mutual funds/indexed to a broad market equity index have a risk of loss;
- The governing body understands the types of funds that are being invested and the specific investment itself;
- The governing body certifies that all funds designated through the SBI meet the requirements, policies, and procedures established by the SBI.

Qualifying governments must also establish an account with the Public Employees Retirement Association (PERA), which shall act as the account administrator. A government may withdraw some or all of its money to terminate the account. A government requesting withdrawal of money from an account created under this section must do so at a time and in the manner required by the executive director of PERA, subject to the policies and procedures established by the SBI.

GOVERNMENT FINANCE OFFICERS ASSOCIATION PERSPECTIVE ON LOCAL GOVERNMENT INVESTING

The GFOA, established in 1906, is the largest professional organization for public finance officers. The GFOA recommends in their best practices that the primary objective in investing taxpayer funds be safety, liquidity, and returns (yields), in that order.⁹ Included in the “Sample Investment Policy” provided by GFOA are the following statements:¹⁰

- Safety means “...investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.”
- Liquidity means “the investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.”
- Return means “the investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.”

In alignment with GFOA’s best practices, LSO found no LGIPs comprised of equities either run by states or private sector companies. LSO found one state (Colorado) that statutorily authorizes a pool (subject to certain criteria) to invest in equities either run by state or private sector companies.¹¹ In speaking with a representative from the Legislative Council Staff of Colorado, the Colorado Division of Securities confirmed that they did not find any statute or rule that prohibits such a pool from investing in equities, but is unaware of any local government pools that are in existence that practice equity investing.¹² There are

⁹“**Diversifying the Investment Portfolio,**” Government Finance Officers Association, Board approval date, March 31, 2007.

¹⁰“**GFOA Sample Investment Policy,**” referenced in the “Investment Policy” section (See footnote 8), Government Finance Officers Association, Board approval date, September 30, 2016.

¹¹ Colorado Rev. Stat. 24-75-705

¹² LSO email correspondence with Dan Graeves from the Colorado Legislative Council May 13, 22 and 23rd, 2024.

many fixed income LGIPs run both by states and private sector companies designed for short-term investments in which local governments may invest funds. While not entirely acquainted with the underlying reasons and commentary that has occurred for local governments in Wyoming that may want to invest funds in equities, an expert in treasury, investment, management and debt management for the GFOA stated in an interview with LSO that the GFOA’s best practices imply that local governments should not be investing in equities because, in general, equities have a higher risk profile than any fixed-income investment.¹³ Local governments are trusted with taxpayer funds and due to this fiduciary responsibility, funds should not be invested when there is a risk of loss (see footnote 13). As discussed in the “Review of Other State Statutes” section, LSO found two other instances where local governments individually (not in a pool) may invest in equities—Kentucky and Minnesota. As a disclosure, the GFOA provides one perspective as to why local governments should not be investing in equities, there may be other reasons that should be taken into consideration on an individual basis as to why a local government would or would not choose to invest in equities.

ESTIMATE OF INVESTABLE BALANCES FOR WYOMING LOCAL GOVERNMENTS

To estimate investable balances held by Wyoming local governments, LSO obtained data on the cash balances and reserves from the Department of Audit (DOA). As a strong caveat, the data is not reported in a manner such that possible long-term investable funds are identified. DOA recommended certain balance categories that *could* be available for investment in stocks and equities, specifically, the unassigned cash balance and unassigned fund balance. The Governmental Accounting Standards Board defines the unassigned fund balance as the government’s general fund and includes all spendable amounts not included in nonspendable, restricted, assigned, committed, or other classifications. According to DOA, some entities may have funds available for investment in other categories; however, the unassigned balances act as conservative representation of the potential investable balances.¹⁴

For the purposes of this analysis LSO chose a subset of counties, cities, towns, and special districts having unassigned cash and unassigned fund balances of: (a) over \$10,000,000, and (b) greater than two times reported prior year expenditures. Admittedly, this is just one set of criteria for purposes of illustration. Individual local governments or the Legislature may find other criteria persuasive in considering whether local governments may invest their funds in stocks or equities. As shown in Table B, one county, three towns, and four special districts (including political subdivisions) met the two criteria specified in this paragraph. The total unassigned cash and unassigned fund balances for these entities is \$306,774,890.

Table B: Local Governments Reporting over \$10 Million in Unassigned Cash plus Unassigned Fund Balances and Ratio of Unassigned to Total Expenditures Greater than 2X.

Local Government	Unassigned Cash/ Fund > \$10 M	Ratio Unassigned Cash/Fund to Total Expend. > 2
Natrona County	\$187,920,064	2.63
Town of Big Piney	\$10,483,942	7.55
Town of Glenrock	\$22,577,027	2.95
Town of Marbleton	\$15,337,691	8.47
Campbell County Community Public Recreation District	\$11,815,650	3.07
Local Government Liability Pool Joint Powers Board (LGLP)	\$32,413,053	7.73
School Risk Retention Joint Powers Board	\$14,276,205	2.55

¹³ LSO interview with Susan Gaffney, GFOA consultant for Treasury, Investing, and Debt Management Training 5/1/2024.

¹⁴ LSO interview with Michael Hansen and Richard Cummings from the Department of Audit, April 29,2024.

Local Government	Unassigned Cash/ Fund > \$10 M	Ratio Unassigned Cash/Fund to Total Expend. > 2
Wyoming Association of Risk Management Liability Pool Joint Powers Board	\$11,951,258	4.61
Total	\$306,774,890	

Source: LSO analysis of Department of Audit Data for fiscal year 2023. Counties have an unassigned fund and cash balance. Cities, towns, and special districts have unassigned cash balance only.

Table C is an analysis almost identical to Table B, a subset of counties, cities, towns, and special districts having unassigned cash and unassigned fund balances of: (a) over \$10,000,000 and (b) greater than **three** times reported prior year expenditures. As shown in Table C, two towns and three special districts met these criteria. The total unassigned cash balance for these entities is \$82,001,594.

Table C: Local Governments Reporting Over \$10 Million in Unassigned Cash plus Unassigned Fund Balances and Ratio of Unassigned to Total Expenditures Greater than 3X.

Local Government	Unassigned Cash > \$10 M	Ratio Unassigned Cash to Total Expend. > 3
Town of Marbleton	\$15,337,691	8.47
Town of Big Piney	\$10,483,942	7.55
Campbell County Community Public Recreation District	\$11,815,650	3.07
Local Government Liability Pool Joint Powers Board (LGLP)	\$32,413,053	7.73
Wyoming Association of Risk Management Liability Pool Joint Powers Board	\$11,951,258	4.61
Total	\$82,001,594	

Source: LSO analysis of Department of Audit Data for fiscal year 2023. Only counties had an unassigned fund and cash balance, no county met the criteria for Table C.

CONSIDERATION OF NEXT STEPS

As part of its interim work, the Select Committee is to study alternatives and additional options for the investment of local government funds in equities. The following are some next steps the Committee may wish to consider relating to its work on local government investment in equities:

Assess demand: The demand Wyoming local governments may have for an LGIP comprised of equities is uncertain. Officials from STO informed LSO that, as of April 29, 2024, they have received no inquiries from local governments about the third LGIP authorized in 2024, but their expectation is that only the larger local governments may potentially have an interest. The Select Committee could learn from public testimony about the local government demand for equity investing.

Monitor development of and participation in the new (third) state investment pool for local governments:¹⁵ The Select Committee could monitor the development of STO’s implementation of a pool for investment of local government funds in equities as directed by 2024 Wyoming Session Laws, Chapter 83. Staff from STO has noted that the State Loan and Investment Board would first need to establish investment guidelines in its IPS. STO’s expectation is that the local government equity pool would likely

¹⁵ LSO interview with Dawn Williams, Patrick Fleming and Katie Williams (STO), April 29, 2024, and [Senate Appropriations Committee, February 14, 2024-Upon Noon Recess, 1:00:58-1:04:20, Legislative Service Office Youtube.](#)

be comprised of a passive strategy for the S&P 500 and would be run as a low-cost pool with a minimum balance requirement of five to ten million dollars for each participant. Internal management by STO would allow for no transaction fees and low overhead costs. STO's priority would be to ensure that any participating local governments understand the investment risk and the limitations on liquidity; funds would be invested for a minimum of five to seven years before withdrawal would be permitted. STO anticipates hosting educational opportunities about the increased exposure to risk and working closely with local governments before local governments provide funds for investment in this pool.

Further specify in statute for local government investment in equities: If the Select Committee desires, the Committee could develop legislation that would further specify in statute permission for local government investment in equities and any conditions associated with local governments making investments in stocks or equities. During testimony on 2024 SF 90 to the Senate Appropriations Committee, STO staff expressed concern about local governments investing directly in equities and suggested restrictions, such as limiting fees for asset managers, be incorporated if this type of statutory change were to be considered (see footnote 15, Youtube). Additional considerations could be to define what funds would be eligible, or to draw from the statutory authorizations and limitations that Colorado, Kentucky, and Minnesota have enacted.

Appendix A: Summary of Statutory Text

State	Equities (Y/N)	Statute	Summary of Statutory Text
Arizona	N	Ariz. Rev. Stat. 9-492(A)-(B), 35-323.01	A municipality may invest its sinking funds in bonds, debentures, and other obligations issued by specified financial institutions. State law also allows municipalities to invest their surplus or idle funds in treasury bills, notes or bonds as specified. A municipality may also invest in depositories where funds would be fully insured by the Federal Deposit Insurance Corporation (FDIC). It does not appear that that stocks or equities are expressly authorized.
Colorado	Y	Colo. Rev. Stat. 24-75-605(1)(f), 24-75-605(2)(a), 24-75-605(4)(c)-(e), 24-75-702, 24-75-704.	Cities of 25,000 or more can invest their pension funds, “special funds,” “trust funds,” and other funds in stocks, preferred or common, or bonds of corporations that are listed on a national stock exchange in the United States. 70% of the investment of funds must be invested in bonds and other general obligations. Firefighter pension funds have specified limitations on the amount of funds that can be invested. Local governments can pool funds for investment in a trust fund, and those investments are limited to those instruments that all participating local governments may individually invest in by law.
Florida	N	Fla. Stat. 218.415., 218.407, 215.47	Local governments can invest excess funds in authorized investments but must adopt a written investment policy statement. They can deposit surplus funds into the state trust fund, among other investments. Statute provides that funds in the trust fund can be invested in “equity securities,” but it does not appear that these allowable investments are authorized for local governments.
Idaho	N	Idaho Code Ann. 67-1226, 67-1210, 1210(A)	The State Treasurer is authorized to establish a “pooled investment program” for local govts. to invest funds “not immediately required” in the pool. The Treasurer is allowed to invest these pooled funds, but Idaho state law does not appear to authorize the Treasurer to invest these funds or other idle moneys in stocks or equities.
Iowa	N	Iowa Code Ann. 384.21, 12B.10 and 12B. 10A., 10A(6)(d)	The State Board of Regents (responsible for governance of the state's public universities) appears to be allowed to invest their funds in common stocks. Iowa law also appears to allow local governments to invest their funds jointly with each other; these investments are subject to other provisions of state law that do not appear to authorize local governments to invest in stocks or equities
Kansas	N	Kan. Stat. Ann. 12-1677a(a). Kan. Stat. Ann. 12-1677b	Local governments can deposit funds with the State Treasurer for investment: those funds must be deposited into a municipal investment pool fund. Local governments

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State	Equities (Y/N)	Statute	Summary of Statutory Text
			may directly invest their funds, but those investments are limited to direct U.S. obligations, interest-bearing time deposits, and repurchase agreements. It does not appear that stocks or equities are expressly authorized.
Kentucky	Y	Ky. Rev. Stat. 66.480	Local governments may invest in various forms of investments, including “individual equity securities” if they are managed by a professional manager regulated by a federal agency, included within the S&P 500, and have no more than 25% of the allocation in a single sector. Before making investments, the local government must adopt an investment policy statement.
Louisiana	N	La. Rev. State. 33:2955	Local governments are authorized to invest in specified investments such as, but not limited to bonds, debentures, notes, direct security repurchase agreements, time certificates, mutual or trust fund institutions, as specified by statute. It does not appear that stocks or equities are expressly authorized. Local governments must adopt an investment policy statement.
Minnesota	Y	Minn. Stat. ann. 118A .09	Certain local governments (counties or cities with more than 100,000) can invest certain funds (funds held for long-term capital or long-term obligations) may invest funds in index mutual funds based in the United States and indexed to a broad market United States equity index, provided that index mutual fund investments must be made directly with the main sales office of the fund or with the Minnesota State Board of Investment.
Montana	N	Mont. Code Ann. 7-6-202, 17-6-201	Local governments can invest “public money not necessary for immediate use” in specified securities and obligations. Stocks are not expressly listed under this investment authority. Local governments can also participate in a unified investment program, but state law provides that “other public funds may not be invested in private corporate capital stock,” which are defined to be “only the stock of a corporation.” As a note, under this unified program, retirement funds may be invested in the common stock of any corporation. I
Nebraska	N	Neb. Rev. State. 77-2366, 14-653, 15-849	Local governments can invest in “capital stock financial institutions,” which are generally defined as building-and-loan associations, federal savings-and-loan associations, and state and federal banks. It does not appear that stocks and equities are expressly authorized.
New Mexico	N	N.M. stat. Ann. 6-10-(G)(1), 6-6-19, 6-10-36, 6-10-44	Certain local governments with a population of 65,000 or more can invest sinking funds or certain unexpended funds in “shares of a diversified investment company that invest in fixed-income securities or debt instrument.” Another type of

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State	Equities (Y/N)	Statute	Summary of Statutory Text
			investment allowed is in “shares of pooled investment funds” that the state’s investment officer manages. It does not appear that stocks and equities are expressly authorized.
North Dakota	N	N.D. Cent. Code 21-06-07	Local governments are authorized to invest in specified investments; it does not appear that stocks or equities are listed. These investments include bonds, treasury bills and notes, other securities, and certificates of deposit as specified by statute. It does not appear that stocks or equities are expressly authorized.
South Carolina	N	S.C. Code Ann. 6-5-10	Local government entities are authorized to invest in, but are not limited to obligations of the United States and its agencies, general obligations of the State of South Carolina, certificates of deposit and savings and loan associations as specified by statute. It does not appear that stocks or equities are expressly authorized.
South Dakota	N	S.D. Cod. Laws 1-24-15, 4-5-6	Local governments can enter into agreements or other arrangements for the investment of public funds. Generally, any excess public funds may be invested in certain securities or repurchase agreements. It does not appear that stocks or equities are expressly authorized.
Tennessee	N	Tenn. Code Ann. 9-1-118	Local government entities are authorized to invest sinking funds, pension funds, retirement funds, and other excess funds in certain investments, subject to various conditions. It does not appear that stocks or equities are expressly authorized.
Utah	N	Utah Code 51-7-5, 51-7-6	Local governments may invest insecurities and other negotiable deposits. Local governments can also transfer funds for investment in the public treasurers’ investment fund. It does not appear that stocks or equities are expressly authorized.
West Virginia	N	W. Va. Code 8-13-22a	Local governments may invest municipal funds in direct obligations of the United States or West Virginia, bonds, real-property trusts, interest-earning deposits, and mutual funds, among others. It does not appear that stocks or equities are expressly authorized.

Source: LSO analysis of state statutes using LexisNexis.