

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

Local government funds-direct investment in equities.

Sponsored by: Select Committee on Capital Financing & Investments

A BILL

for

1 AN ACT relating to public funds; authorizing local
2 governments to invest directly in equities as specified;
3 specifying requirements for the investment of local
4 government funds in equities; requiring reports; providing
5 definitions; and providing for an effective date.

6

7 *Be It Enacted by the Legislature of the State of Wyoming:*

8

9 *****
10 *****

11

STAFF COMMENT

12

13 Under Article 16, Section 6(a)(ii)(C) of the Wyoming
14 Constitution, this bill draft would require a 2/3 vote of
15 each house voting separately to be enacted. The text of the
16 provision follows:

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Article 16, Section 6 Loan of credit; donations prohibited; investment of funds; works of internal improvement.

(a) Neither the state nor any county, city, township, town, school district, or any other political subdivision, shall:

(ii) Subscribe to or become the owner of the capital stock of any association or corporation, except that:

(C) The legislature may provide by law for the investment of county, city, township, town, school district, or any other political subdivision's funds in the capital stock of any association or corporation and may designate which of these funds may be invested. The legislature may prescribe different investment conditions for each type and class of political subdivision and for each type of fund. Any legislation establishing or increasing the percentage of any fund that may be invested under this subparagraph shall be passed only by a two-thirds (2/3) vote of all the members of each of the two (2) houses voting separately.

Section 1. W.S. 9-4-1401 and 9-4-1402 are created to read:

ARTICLE 14

INVESTMENT OF LOCAL FUNDS

9-4-1401. Investment of local funds in equities; definitions.

1

2 As used in this article, "local government" means a county,
3 city, and town.

4

5 **9-4-1402. Investment of local government funds in**
6 **equities; requirements; reporting; earnings; limitations.**

7

8 (a) A local government may invest any funds specified
9 in subsection (b) of this section in equities, including
10 stocks of corporations, in accordance with all of the
11 following:

12

13 (i) Any investments made under this section shall
14 be made with a person who has:

15

16 (A) Not less than ten (10) years of
17 investment experience involved in the management of a
18 portfolio in excess of one hundred ten million dollars
19 (\$110,000,000.00);

20

21 (B) A broad understanding of financial
22 markets;

23

1 (C) Not been convicted of or pleads guilty
2 or nolo contendere to a felony violation or been the
3 subject of any disciplinary action involving moral
4 turpitude;

5
6 (D) No conflicts of interest that would lead
7 to a violation of W.S. 6-5-106, 6-5-118, 16-6-118 or other
8 comparable provision of law.

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10 *****
11 *****

12 **STAFF COMMENT**

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14 Below are the two qualification requirements for who can
15 invest funds for local governments that were in the
16 previous version of this bill draft; they are included here
17 for Committee consideration, per the Committee's
18 discussion:

19
20 (A) Is registered under the Investment
21 Advisor's Act of 1940, as amended, if the person is
22 required to be registered by the terms of that act;

23
24 (B) Has and maintains at least one (1)
25 physical office in Wyoming.

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1 *****
 2 *****
 3 STAFF COMMENT
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5 At the Select Committee's September meeting, the Select
 6 Committee voted to delete a paragraph concerning the
 7 duration of investments made under this section. Per
 8 discussion, that language is included in this staff comment
 9 for further consideration.

10
 11 (iv) Each investment made under this section
 12 shall be for a duration of not less than five (5) years;

13 *****
 14 *****
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16 (ii) Funds invested under this section by each
 17 local government shall not exceed the amount specified in
 18 subsection (b) of this section;

19
 20 (iii) The local government shall specify by
 21 ordinance, resolution or order, as appropriate for the
 22 local government, the disposition of earnings from
 23 investments made under this section, subject to subsection
 24 (c) of this section.

25
 26 (b) The amount and type of monies invested by any
 27 local government under this section shall be in accordance
 28 with all of the following:
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1

2 (i) The amount of monies invested at any one (1)
3 time by a local government under this section shall not
4 exceed thirty percent (30%) of the local government's
5 reserves that are available for investment;

6

7 (ii) For purposes of this subsection, earnings
8 earned by a local government from funds invested under this
9 section shall not count toward the limits specified in this
10 subsection and may be reinvested in stocks and equities in
11 accordance with this section.

12

13 (c) Earnings on funds invested by the local government
14 under this section shall be credited to the appropriate
15 account or fund of the local government in accordance with
16 the following:

17

18 (i) Interest, dividends and rents earned shall
19 be credited not later than at the end of the second month
20 following each fiscal quarter;

21

22 (ii) Subject to paragraph (iii) of this
23 subsection, other realized earnings shall be credited as

1 soon as practicable after the end of the fiscal year but
2 not later than ninety (90) days after the end of the fiscal
3 year in which the earnings were realized;

4

5 (iii) Any debit against the account or fund that
6 exists as a result of realized investment losses from a
7 prior year's investments of the fund or account shall be
8 paid before distributions under paragraph (ii) of this
9 subsection;

10

11 (iv) Subject to the requirements of paragraph
12 (iii) of this subsection, the local government, in
13 consultation with the local government's investment
14 advisory committee, may credit any earnings at earlier
15 times than provided in this subsection and in such amounts
16 as may be advantageous for the local government's
17 investment program and cash management.

18

19 **Section 2.** This act is effective July 1, 2025.

20

21

(END)