

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

Statutory compounding investment permanent revenue account.

Sponsored by: Select Committee on Capital Financing &
Investments

A BILL

for

1 AN ACT relating to the investment of state funds; creating
2 the Wyoming compounding investment permanent revenue
3 account; specifying the investment of funds in the account;
4 specifying the disposition of investment earnings;
5 providing for the accounting and administration of the
6 account; requiring reports; making conforming amendments;
7 and providing for an effective date.

8

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

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11 Please note that the statutory fund created by this bill
12 has the same name as the constitutional fund proposed in 26
13 LSO 119. Because this proposed legislation is NOT a
14 statutory codification of that constitutional fund, the

Committee may want to consider naming this fund by another name to avoid confusion.

Section 1. W.S. 9-4-227 is created to read:

9-4-227. Wyoming compounding investment permanent revenue account.

(a) There is created the Wyoming compounding investment permanent revenue account. The account shall consist of all funds transferred or appropriated to the account by law. All monies deposited or transferred into the account are inviolate and constitute a permanent or perpetual trust fund, subject to the provisions for the withdrawal of funds provided by this section.

(b) The state treasurer shall invest all funds within the Wyoming compounding investment permanent revenue account in accordance with W.S. 9-4-715(a) and (c) through (e) and 9-4-716. W.S. 9-4-716(e) shall not apply to the account. The state treasurer, or the treasurer's designee, which shall be registered under the federal Investment Advisor's Act of 1940, as amended and if required to be registered by the terms of that act, may invest the unobligated, unencumbered balance of the account in

1 equities, including stocks of corporations. The account
2 shall be invested so that the overall risk profile of the
3 account's investments shall not materially exceed the risk
4 profile of a reference portfolio that consists of
5 eighty-five percent (85%) private equity and fifteen
6 percent (15%) private credit investments. In adopting
7 investment policy statements for the account, the board
8 shall seek to preserve the balance of the account in a
9 manner that strives for the highest possible risk-adjusted
10 total net return consistent with an appropriate level of
11 safety and liquidity, giving consideration to the account's
12 potential extended investment period and the extended
13 period during which monies in the account may be ineligible
14 for withdrawal.

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16 (c) On July 1 of the fiscal year thirty (30) fiscal
17 years after the first deposit to the Wyoming compounding
18 investment permanent revenue account, thirty-seven and
19 one-half percent (37.5%) of all investment earnings in the
20 account attributable to deposits made to the account during
21 the first fiscal year that deposits were made shall be
22 deposited in the general fund. ~~For purposes of this~~
23 ~~subsection:~~

1

2 (d) Investment earnings shall be distributed under
3 this subsection on July 1 thirty (30) years after the first
4 contribution to the Wyoming compounding investment
5 permanent revenue account and each July 1 thereafter for
6 earnings attributable to contributions made to the account
7 during the fiscal year thirty (30) years prior to July 1.

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9 STAFF COMMENT

10 Note: July 1 is the first day of any fiscal year. So, the
11 distributions required above will be from earnings
12 attributable to deposits after the July 1 (until June 30th)
13 that is 30 years prior.

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16 (d) As soon as practicable after the end of each
17 fiscal year following the fiscal year in which the
18 distribution required by subsection (c) of this section was
19 made, thirty-seven and one-half percent (37.5%) of all
20 investment earnings in the Wyoming compounding investment
21 permanent revenue account that are attributable to deposits
22 made to the account during the fiscal year that is thirty
23 (30) years before the current fiscal year shall be
24 deposited in the general fund.

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26 (e) For purposes of this section:

(i) "Investment earnings" include interest, income, dividends and realized capital gains;

(ii) The state treasurer may liquidate or sell investments according to the fiduciary obligations associated with the investments.

(ef) Not later than November 1 of each year, the state treasurer shall report to the joint appropriations committee and the select committee on capital financing and investments regarding the investment of funds in the Wyoming compounding investment permanent revenue account.

Section 2. W.S. 9-4-203(a)(xiii) and 9-4-716(e) are amended to read:

As noted in the first Staff Comment, the statutory fund created by this bill draft is NOT intended to be a codification of the constitutional fund proposed in 26 LSO 119. If the intent is for this legislation to codify that constitutional fund, LSO suggests inserting in this bill an amendment to W.S. 9-4-204(u) that adds the fund created in this bill to the list of permanent funds contained in W.S. 9-4-204(u).

9-4-203. Definitions.

(a) As used in this act:

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2 (xiii) "This act" means W.S. 9-4-202 through
3 ~~9-4-226~~ 9-4-227.

4

5 9-4-716. State investment policy; investment
6 consultant.

7

8 (e) In investing monies of a fund or account which
9 may be invested in stock of a corporation or other
10 equities, the overall risk profile of the investments,
11 excluding any specific public purpose investment authorized
12 or directed by the legislature, shall not materially exceed
13 the risk profile of a reference portfolio that consists of
14 seventy percent (70%) global equities and thirty percent
15 (30%) domestic fixed income investments. The state
16 treasurer after consultation with the investment funds
17 committee shall submit to the board the committee's
18 recommendations of specific benchmarks for the measurement
19 of the portfolio risk characteristics. The specific
20 benchmarks shall be determined by the board. Any provision
21 of law which restricts or expands the investment of a
22 specific fund or account to a greater degree than the

1 provisions of this subsection shall control over this
2 subsection.

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4 **Section 3.** This act is effective immediately upon
5 completion of all acts necessary for a bill to become law
6 as provided by Article 4, Section 8 of the Wyoming
7 Constitution.

8

9 (END)