Local Mandate Fiscal Impact Estimate Kentucky Legislative Research Commission 2015 Regular Session

Part I: Measure Information

Bill Request #: 1618
Bill #: HB 527 GA
Bill Subject/Title: AN ACT relating to investments made by local governments.
Sponsor: Representative Russ A. Meyer
Unit of Government:XCityXCountyXUrban-CountyXCharter CountyXConsolidated LocalXGovernment
Office(s) Impacted: X
Requirement: X Mandatory Optional
Effect on Powers & Duties: Modifies Existing X Adds New Eliminates Existing

Part II: Purpose and Mechanics

HB 527 puts a 5% limit on the money local governments may invest in any single issuer unless the issuer is the United State government, an instrumentality thereof, or is guaranteed by the United State government. It further limits to no greater than 5% an individual stock's percent of the total portfolio of a mutual fund at the time of purchase.

Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

HB 527 has no direct fiscal impact on local governments.

This proposal is intended to promote sound investment strategy and policy. This proposal limits to no greater than 5% of an entire investment portfolio, an investment in a single mutual fund and those investments **not** issued by the federal government or an instrumentality of the federal government or guaranteed by the federal government.

Furthermore, in the case of mutual funds, a single stock within the fund portfolio can comprise no more that 5% of the total fund portfolio. This proposal promotes diversification within the entire investment portfolio of a local government. Any impact is subject to the continued investment decisions of the local government.

 Data Source(s):
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