

LEGISLATIVE BILL 786

Approved by the Governor May 26, 1987

Introduced by Appropriations Committee, Warner, 25,
Chairperson; Langford, 36; Moore, 24;
Hannibal, 4; Wehrbein, 2; L. Johnson, 15;
Abboud, 12; Scofield, 49; Marsh, 29

AN ACT relating to the Nebraska Investment Council; to amend section 72-1249.02, Reissue Revised Statutes of Nebraska, 1943, and section 80-401, Revised Statutes Supplement, 1986; to change procedures for the allocation of charges to certain funds; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 72-1249.02, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

72-1249.02. There is hereby established in the state treasury the State Investment Officer's Cash Fund. A pro rata share of the budget appropriated for the Nebraska Investment Council shall be charged to the income of each fund managed, and such charges shall be transferred to the State Investment Officer's Cash Fund. The allocation of charges shall be based on the market values of the assets of the funds on the last business day of June one year preceding the beginning of the budget year.

Due to constitutional and statutory limitations on payment of expenses, the share of the budget allocated to the Treasurer's Cash Fund, the Nebraska Veterans' Aid Fund, the Agricultural Endowment Fund, the Normal School Endowment Fund, the Permanent University Endowment Fund, and the Permanent School Fund shall be paid from the General Fund.

The share of the budget allocated to the Short Term Investment Pool, Department of Aeronautics Trust Fund, State Excess Liability Fund, Judges Retirement System, School Retirement System, and the State Patrol Retirement Fund shall be charged to the income of the funds under the control of the state investment officer and transferred to the State Investment Officer's Cash Fund. Approval of the agencies and boards administering these funds shall not be required.

It is the intent of this section to have funds managed by the state investment officer pay a pro rata share of the investment management expense when this is not prohibited by statute or the constitution.

Management, custodial, and service costs which are a direct expense of state trust funds may be paid from the income of such trust funds when this is not prohibited by statute or the constitution. For purposes of this section, management, custodial, and service costs shall include, but are not be limited to, fees paid to primary carriers, investment counsel fees for managing assets, real estate mortgage loan service fees, real estate management fees, and custody fees for trust fund securities. All such fees shall be approved by the Nebraska Investment Council and the state investment officer.

Sec. 2. That section 80-401, Revised Statutes Supplement, 1986, be amended to read as follows:

80-401. There is hereby established a fund to be known as the Nebraska Veterans' Aid Fund. The Board of Educational Lands and Funds is directed to purchase bonds or notes issued by the government of the United States or the State of Nebraska, or any county, school district, or municipality therein, with a face value of twelve million dollars, as of August 1, 1984, to carry out ~~the provisions of~~ sections 80-401 to 80-405, and to place them in the custody and control of the State Treasurer of the State of Nebraska under the same conditions as other state money.

Such fund shall be managed as follows: (1) When necessary to pay a premium for bonds for such fund, the amount of the premium shall be amortized over the term of the bonds from the interest received on such bonds; and (2) when bonds for such fund are purchased at a discount, the amount of the discount shall be used to purchase additional bonds, it being contemplated that the face amount of the bonds in such fund may in this manner aggregate in excess of twelve million dollars at some future time. The interest on the Nebraska Veterans' Aid Fund, except so much as may be required for amortization of premium bond purchases as above authorized in this section and so much as may be required to pay a pro rata share of the budget appropriated for the Nebraska Investment Council pursuant to section 72-1249.02, shall be paid to the Veterans' Aid Income Fund, which is hereby created, and which The Veterans' Aid Income Fund, when appropriated by the Legislature, shall be available to the director for aid to needy veterans as authorized by law. The

Board of Educational Lands and Funds shall manage the Nebraska Veterans' Aid Fund, except that after September 18, 1969, the investment and reinvestment of such fund shall be the duty of the state investment officer, with investment and reinvestment to be made in the same type securities authorized for investment of funds by the provisions of sections 72-1237 to 72-1269. The director shall advise the council when amounts in the Veterans' Aid Income Fund are not immediately required for aid to needy veterans, and thereupon the state investment officer shall invest amounts available from the Veterans' Aid Income Fund in the same manner as investments of the Nebraska Veterans' Aid Fund, and the interest thereon shall also become a part of the Veterans' Aid Income Fund.

Sec. 3. That original section 72-1249.02, Reissue Revised Statutes of Nebraska, 1943, and section 80-401, Revised Statutes Supplement, 1986, are repealed.

Sec. 4. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.