Investment Statutes

SECTION 6-6-10. Establishment of South Carolina Pooled Investment Fund.

Notwithstanding any other provision of law, the State Treasurer may establish and maintain a common trust fund to be known as the South Carolina Pooled Investment Fund in which may be deposited public monies in excess of current needs which are under the custody of any county treasurer or the governing body of any municipality, county, school district, regional council of government, or any other political subdivision of the State.

HISTORY: 1983 Act No. 54.

SECTION 6-6-20. Adoption of accounting principles and regulations; investments.

The treasurer shall adopt accounting procedures from which the exact interest of the monies combined for investment can be determined and may adopt regulations as may be necessary to administer the provisions of this chapter. He may invest the monies of the fund in the same types of investments provided for in Sections 6-5-10, 11-9-660, and 11-9-661.

HISTORY: 1983 Act No. 54.

SECTION 6-6-30. Sale of participation units to political subdivisions.

The Treasurer may sell to all political subdivisions of the State participation units in the fund which shall be legal investments for the subdivisions in addition to the investments and deposits authorized in Section 6-5-10, 12-45-220, and 11-1-60. The officials charged with custody of the monies of the political subdivisions are authorized to invest in the participation units of the fund only with the consent of their governing bodies.

HISTORY: 1983 Act No. 54; 1985 Act No. 201, Part II, Section 46.

SECTION 6-5-10. Authorized investments by political subdivisions.

(a) The governing body of any municipality, county, school district, or other local government unit or political subdivision and county treasurers may invest money subject to their control and jurisdiction in:

(1) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.

(2) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(3)(i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(4) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.

(5) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

(6) Repurchase agreements when collateralized by securities as set forth in this section.

(7) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1), (2), (3), and (6) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

(8) A political subdivision receiving Medicaid funds appropriated by the General Assembly in the annual general appropriations act may utilize appropriated funds and other monies generated by hospital operations to participate in principal protected investments in the form of notes, bonds, guaranteed investment contracts, debentures, or other contracts issued by a bank chartered in the United States or agency of a bank if chartered in the United States, financial institution, insurance company, or other entity which provides for full principal payment at the end of a contract term not to exceed twelve years if the issuer has received a rating in one of three highest general rating categories issued by no fewer than two nationally recognized credit rating organizations. No more than forty percent of the appropriated funds and other monies generated by hospital operations may be invested in the manner provided in this item. Revenue realized pursuant to these investments must be expended on health care services.

(b) The provisions of this chapter shall not impair the power of a municipality, county, school district or other local governmental unit or political subdivision or county treasurer to hold funds in deposit accounts with banking institutions as otherwise authorized by law.

(c) Such investments shall have maturities consistent with the time or times when the invested moneys will be needed in cash.

(d) For purposes of subsection (a), in the case of a defeased obligation, an obligation shall be treated as the obligation of the issuer of the obligation included in the qualifying defeasance escrow for the defeased obligation. A "defeased obligation" means any obligation the payment of which is secured and payable solely from a qualifying defeasance escrow and the terms of which may not be amended or modified without the consent of each of the holders of the defeased obligation. A "qualifying defeasance escrow" means a deposit of securities, including defeasance obligations, with a trustee or similar fiduciary under the terms of an agreement that requires the trustee or fiduciary to apply the proceeds of any interest payments or maturity of the defeasance obligation to the payment of the defeased obligation and when the trustee or fiduciary has received verification from a certified public accountant that the payments will be sufficient to pay the defeased obligation timely. A defeasance obligation must not be callable or subject to prepayment by the issuer and it must be a direct general obligation of the United States and its agencies, or an obligation the payment of principal and interest on which is fully and unconditionally guaranteed by the United States.

HISTORY: 1962 Code Section 1-67; 1967 (55) 625; 1977 Act No. 222; 1988 Act No. 518; 1990 Act No. 326, Section 1; 2000 Act No. 387, Part II, Section 50; 2007 Act No. 110, Section 56, eff June 21, 2007; 2007 Act No. 116, Section 61, eff June 28, 2007, applicable for tax years beginning after 2007; 2008 Act No. 231, Section 3, eff upon approval (became law without the Governor's signature on May 22, 2008).

Effect of Amendment

The first 2007 amendment, in subsection (a), in paragraph (1) substituted ", the principal and interest of which is fully guaranteed by the United States" for "thereof", added paragraph (2), redesignated paragraph (2) as paragraph (3) designating (i) and adding (ii), and redesignated paragraphs (3) to (7) as paragraphs (4) to (8).

The second 2007 amendment made the same changes as the first.

The 2008 amendment added subsection (d) regarding defeased obligations.

SECTION 11-9-660. Investment of funds.

(A) The State Treasurer has full power to invest and reinvest all funds of the State in any of the following:

(1) obligations of the United States, its agencies and instrumentalities;

(2) obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the African Development Bank, and the Asian Development Bank;

(3) obligations of a corporation, state, or political subdivision denominated in United States dollars, if the obligations bear an investment grade rating of at least two nationally recognized rating services;

(4) certificates of deposit, if the certificates are secured collaterally by securities of the types described in items (1) and (3) of this section and held by a third party as escrow agent or custodian and are of a market value not less than the amount of the certificates of deposit so secured, including interest; except that this collateral is not required to the extent the certificates of deposit are insured by an agency of the federal government;

(5) repurchase agreements, if collateralized by securities of the types described in items (1) and (3) of this section and held by a third party as escrow agent or custodian and of a market value not less than the amount of the repurchase agreement so collateralized, including interest; and

(6) guaranteed investment contracts issued by a domestic or foreign insurance company or other financial institution, whose long-term unsecured debt rating bears the two highest ratings of at least two nationally recognized rating services.

(B) The State Treasurer may contract to lend securities invested pursuant to this section.

(C) The State Treasurer shall not invest in obligations issued by any country or corporation principally located in any country which the United States Department of State determines commits major human rights violations based on the Country Reports on Human Rights Practices by the Bureau of Democracy, Human Rights and Labor of the U. S. Department of State.

HISTORY: 1962 Code Section 1-797; 1952 Code Sections 1-796, 1-797; 1942 Code Sections 2140, 2141; 1932 Code Sections 2132, 2140, 2141; Civ. C. '22 Sections 93, 101, 102; Civ. C. '12 Sections 88, 96, 97; Civ. C. '02 Sections 84, 92, 93; G. S. 57, 64; R. S. 78, 86; 1870 (14) 388; 1884 (18) 864; 1896 (22) 184; 1950 (46) 3605; 1959 (51) 126; 1972 (57) 2584; 1973 (58) 335; 1990 Act No. 314, Section 2; 1993 Act No. 164, Part II, Section 66A; 2001 Act No. 28, Section 1.

SECTION 11-13-60. Collateral instead of indemnity bond of depository.

A bank or savings and loan association, upon the deposit of state funds by the State Treasurer in excess of insurance coverage by the Federal Deposit Insurance Corporation, shall furnish an indemnity bond in a responsible surety company authorized to do business in this State in an amount that will protect the State against loss in the event of insolvency or liquidation of the institution or for any other cause. A bank or savings and loan association, in lieu of the indemnity bond, may pledge as collateral for the deposits, obligations of the United States, obligations fully guaranteed both as to principal and interest by the United States, obligations of the Federal National Mortgage Association, the Federal Home Loan Bank, Federal Farm Credit Bank, the Federal Home Loan Mortgage Corporation, or general obligations of this State or any political subdivision of it. The State Treasurer shall exercise prudence in accepting the securities listed as collateral. The surety or collateral must be filed with the State Treasurer at time of deposit.