

ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 832

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 4, 1996

The Assembly Financial Institutions Committee reports favorably and with committee amendments Assembly Bill No. 832.

This bill expands the alternatives by which school boards and local units may purchase and redeem authorized mutual funds by permitting direct purchase from the issuer and by permitting the use of broker-dealers and agents registered pursuant to the "Uniform Securities Law (1967)." Currently, the only avenue through which a school board or local unit may purchase such securities is a national or State bank located within this State.

Amendments to bill equalize investment authority between school boards and local units; narrow the type of investments in mutual funds to government money market funds and tighten existing practices with respect to investments in local government pools and repurchase agreements.

In addition, under the amendments: local units are required to approve on an annual basis a cash management plan; receive a monthly report summarizing all investments made or redeemed since the last meeting of the governing body; any local unit official involved in designating a depository or selecting an entity seeking to sell an investment to the local unit, is required to disclose to the Local Government Ethics Board information on a material or personal relationship, if any, that official has with the depository, fund or entity; and the local unit is required to provide local unit's cash management plan to the registered principal of any security brokerage firm selling securities to the local unit and that registered principal is required to sign an acknowledgment that the registered principal has seen and reviewed the local unit's cash management plan, and certifies that the firm has implemented controls against investments that are contrary to the local unit's cash management plan or State law.

This bill was pre-filed for introduction in the 1996 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.