

Report

Oregon State Treasury

Local and Tribal Government Intermediate Term Investment Pool

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Request: Acknowledge receipt of a report on the local and tribal government intermediate term investment pool.

Recommendation: Acknowledge receipt of the report.

Analysis: The passage of HB 2140, during the 2013 session, authorized local governments to invest in any commingled investment pool established by the State Treasurer, which could include a state intermediate term investment pool. An intermediate term investment pool has a maturity range of between three to five years. During the 2014 session, SB 1535 modified the law that gave the State Treasurer the discretion to establish a local government investment pool and also made any such investment subject to the approval of the State Treasurer.

The Oregon State Treasury (OST), per the direction of a budget note in SB 5507 (2015), submitted a report on local and tribal government investment opportunities in an intermediate term investment pool to the Interim Joint Committee on Ways and Means in November of 2015 (IJWM). The genesis of the budget note was concerns expressed during the 2015 session by the Legislature that such a pool had yet to be established by the State Treasurer. In November, OST reporting having researched establishing such an investment pool, but not having made a final decision. OST's preliminary recommendation was to establish a pool using a third party vendor. Surveys of local governments, conducted by both OST and the League of Oregon Cities, reflected significant local government demand for such a pool.

At the November 2015 hearing, the IJWM Committee expressed continued frustration that a local and tribal government pool still had not been established and that there was no clearly articulated plan or timeline for establishing such a pool. The Committee instructed OST to report back to the IJWM in January of 2016, with an updated status report. A request by the agency to defer its follow-up report to the 2016 session was approved by the Legislative Fiscal Office, as the agency requested additional time to complete its report.

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The report submitted by OST for the 2016 session indicates that the agency has decided to outsource to a third party vendor the local and tribal government intermediate term investment pool. OST is in the process of negotiating a contract with one of the agency's current vendors. OST also reports that the agency is again in the process of outreach to local governments to gauge the level of participation. OST's report reflects that little progress has been made since the agency's November report.

Recommendation

The Legislative Fiscal Office recommends acknowledging receipt of the report.