

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015**

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**HOUSE BILL 301  
Committee Substitute Favorable 4/14/15**

Short Title: Escheat Fund Modifications.-AB

(Public)

Sponsors:

Referred to:

March 19, 2015

A BILL TO BE ENTITLED  
AN ACT TO MODIFY INVESTMENT AUTHORIZED FOR SPECIAL FUNDS HELD BY  
THE STATE TREASURER, AS REQUESTED BY THE STATE TREASURER.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 147-69.2(b) reads as rewritten:

"(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated in subsection (a) of this section in excess of the amount required to meet the current needs and demands on such funds. The State Treasurer may invest the funds as provided in this subsection. If an investment was authorized by this subsection at the time the investment was made or contractually committed to be made, then that investment shall continue to be authorized by this subsection, and none of the percentage or other limitation on investments set forth in this subsection shall be construed to require the State Treasurer to subsequently dispose of the investment or fail to honor any contractual commitments as a result of changes in market values, ratings, or other investment qualifications. For purposes of computing market values on which percentage limitations on investments in this subsection are based, all investments shall be valued as of the last date of the most recent fiscal quarter.

...  
(12) It is the intent of the General Assembly that the Escheat Fund (i) provide a perpetual and sustainable source of funding for the purposes authorized by the State Constitution; and (ii) retain sufficient monies as corpus to allow the State Treasurer to prudently invest in long-term illiquid investments, including those with a North Carolina nexus, in order to grow the amount of earnings available for scholarships over the long-term. Accordingly, the following provisions apply:

a. With respect to assets of the Escheat Fund, in addition to those investments authorized by subdivisions (1) through (6) of this subsection, up to twenty percent (20%) of such assets may be invested in the investments authorized under subdivisions ~~(7)~~(6c) through ~~(9)~~(9a) of this subsection, notwithstanding the percentage limitations imposed on the Retirement Systems' investments under those subdivisions.

b. The State Treasurer shall engage a third-party professional actuary or consultant to conduct a valuation and projection of the financial status of the Escheat Fund. The associated costs for the services may be directly charged to the Escheat Fund. The State Treasurer shall communicate the valuation of the actuary or consultant in an annual



1 report to the Governor, the Speaker of the House of Representatives,  
2 the President Pro Tempore of the Senate, and the chairs of the  
3 respective appropriations and appropriate substantive committees of  
4 each chamber. The annual report shall evaluate claims by owners  
5 upon the Escheat Fund, current and projected investment returns, and  
6 projected contributions to the Escheat Fund. In the report, the State  
7 Treasurer shall assess the status of utilizing the Escheat Fund as an  
8 endowment fund and shall recommend an annual amount available  
9 for the funding of scholarships, loans, and grants from the Fund. The  
10 annual report shall be presented no later than December 31 of each  
11 year.

12 c. The State Treasurer may invest, in addition to those investments  
13 authorized by sub-subdivision a. of this subdivision, up to ten percent  
14 (10%) of the net assets of the Escheat Fund in businesses with a  
15 material nexus with this State; provided that such investments are of  
16 an asset class and structure authorized for the Retirement System  
17 under subdivisions (6c) through (9a) of this subsection.

18 d. The State Treasurer shall discharge his or her investment duties with  
19 respect to the Escheat Fund consistent with the provisions of  
20 G.S. 36E-3. When considering the factors stated in  
21 G.S. 36E-3(e)(1)g., the State Treasurer may presume that the General  
22 Assembly will fund scholarships, loans, and grants from the Escheat  
23 Fund in the amount recommended in the annual report."

24 **SECTION 2.** This act is effective when it becomes law.