

January 10, 1974

(Start Belt #9)

20¢ a gallon, going to probably 30; bread almost 50¢ and in my town milk 78¢ a half gallon, we're draining the people to where they can't buy. And that's going to affect all these common stocks and I don't want to be a part of that type of an operation without making a protest. If this body wants to do it, fine. As long as you know what you're doing. And, before this discussion, they did not know what they were doing or what they have done. Now, let me make this plain and explicit. The man who heads the investment board did not contact me to do anything. I asked him to come over here and I talked to him. He thought that 5% would be too low, he thought he would have to sell some of the stocks off but he thought it might not be a bad idea for us to consider freezing the dollars and the common stock at the present day level of that maximum amount. He's the one who wrote the amendment at my request and that's all it does.

PRESIDENT: Any further discussion of the amendment, Senator? Senator Whitney.

SENATOR WHITNEY: Mr. President, you see, when you have presently in the law. It says not more than 40% of the total money available for investment, at the time such investment is made, shall be in this class. In this class, meaning common stocks. Now substituted for that, it would be said not more than that percent of money held on January 1, 1974, shall be invested in this class. That means, you see, that it freezes everything as his with reference to the percent... of the total money there that's held as of January 1 as of this year to be invested in this class. Now, my feeling is that you're not certain what that percentage. Well, I'll accept that. You are certain as to what that percentage would be because you would take the total investments and then you would figure out how much that percentage is of the total and that would be the figure. And yet, I think, there's still the question as to the, what it means because of this. This might mean the percentage of all monies invested, see. Short term investments as well as long term investments and therefore, if, for example, the state did not have near as much money in short term investments-in the future, it might reduce this percentage and you may have to sell some stock.

PRESIDENT: Senator DeCamp.

SENATOR DE CAMP: Mr. President and members of the Legislature. I'd like to ask a question of Senator Whitney and Senator Carpenter so I can better understand what this is pegged to. As I understand it, the state can't invest any more than is invested on January 1, 1974. Now, let us assume that we have an inflationary trend that the fuel is resolved to a degree and we have the stock market regain some of its balance and instead of having stocks worth \$50 million, the value, the paper value of them gets up to \$75 million. By virtue of that, we've increased the amount without any additional dollars invested but we've increased the percentage that the state holds in common stocks. Now, how is this handled by the amendment or by the law as it now reads but particularly by the amendment. What would the problem there be, anything?

PRESIDENT: Senator Whitney, would you care to respond?

SENATOR WHITNEY: I had somebody bother me while you were asking that question so I didn't hear quite all the question. Would you please repeat in some reform?

SENATOR DE CAMP: Gosh, I don't know if I can. Okay. Let's assume on January 1, 1974, the stocks are \$100 worth. And we pass the amendment and we tie it to the \$100. Okay. By virtue, let's say, of changes in the stock market, the paper value of the stock gets up to \$140 million. There's no additional investment by the state but the percentages and the amounts have all changed. What happens then? Does the state have to sell off some of them or do you see the problem of what I'm asking about?

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