



**Senate Fiscal Agency**  
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**BILL ANALYSIS**



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House Bill 4503 (Substitute H-1 as reported without amendment)  
Sponsor: Representative Robert Breckenridge  
House Committee: Local Government  
Senate Committee: Local, Urban and State Affairs

### **CONTENT**

The bill would amend Public Act 354 of 1972, which authorizes the replacement or payment without presentation of lost, destroyed or wrongfully taken bonds, to permit a paying agent to exercise on behalf of the governing body of a public corporation the powers granted to it to replace an obligation.

Currently, a public corporation, by resolution of its governing body or the State Treasurer, may replace an unmatured or matured obligation that has been lost, apparently destroyed, or wrongfully taken, when certain items have been furnished, including an indemnity bond to indemnify the public corporation and a paying agent against any loss they may suffer because of issuing a replacement obligation or paying an obligation without presentation of the obligation. The bill would require that an indemnity bond be issued by a company rated in one of the three highest rating categories and one of the top 10 financial size categories by a nationally recognized insurance rating agency, and would require the bond to indemnify the public corporation, the obligor, if any, and the paying agent.

For a paying agent to exercise the powers to replace an obligation, the following conditions would have to be met: the governing body adopted a resolution generally authorizing the paying agent to exercise these powers, and, in each case in which the paying agent wished to exercise these powers, the paying agent notified the governing body in writing and the governing body did not object within 60 days after being notified.

MCL 129.131-129.134

Legislative Analyst: L. Arasim

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 12-1-95

Fiscal Analyst: K. Lindquist