
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bills 229 through 234 (as introduced 2-27-97)
Sponsor: Senator Joel D. Gougeon (Senate Bill 229)
Senator Jim Berryman (Senate Bill 230)
Senator Michael J. Bouchard (Senate Bills 231 and 234)
Senator Art Miller, Jr. (Senate Bill 232)
Senator Loren Bennett (Senate Bill 233)
Committee: Financial Services

Date Completed: 3-3-97

CONTENT

Senate Bills 229 through 233 would amend various acts to require that money collected under those acts be deposited in a “financial institution”. Senate Bill 234 would amend the Community College Act to change that Act’s definition of “financial institution”. Under all the bills, “financial institution” would mean a State or nationally chartered bank, savings and loan association, savings bank, or credit union whose deposits were insured by an agency of the U.S. government and that maintained a principal office or branch office located in Michigan under the authority of Michigan or U.S. laws.

Senate Bills 229-233

Senate Bill 229 would amend the Agricultural Commodities Marketing Act, which currently requires that money collected under it be deposited in a bank or other depository in Michigan. Senate Bill 230 would amend the Charter Water Authority Act, which currently requires the establishment of a depository account in a bank qualified to do business in Michigan.

Senate Bill 231 would amend the Hospital Finance Authority Act, which currently requires that money be deposited in a separate bank account. Senate Bill 232 would amend the State Housing Development Authority Act, which currently requires that money be deposited in a bank, national banking association, or a savings and loan association.

Senate Bill 233 would amend Chapter 16 of the Revised Statutes of 1846, which specifies powers and duties of townships and township officers and currently requires that a township treasurer deposit money in a bank or any depository authorized by statute for the deposit of township funds. Senate Bill 233 also specifies that assets acceptable for pledging to secure deposits of township funds would be considered acceptable to the State Treasurer to secure deposits of State surplus funds.

Senate Bill 234

The Community College Act allows the treasurer of a community college district, if authorized by resolution of the board of trustees, to invest debt retirement funds, building and site funds, building and site sinking funds, or general funds of the district, and restricts those actions to certain types of investments. One of those authorized investments is for negotiable certificates of deposit, saving

accounts, or other interest-earning deposit accounts of a “financial institution”, which means a bank that is a member of the Federal Deposit Insurance Corporation (FDIC), a savings and loan association that is a member of the Federal Savings and Loan Insurance Corporation, or a credit union whose deposits are insured by the national credit union administration. Under the bill, “financial institution” would mean a State or nationally chartered bank, savings and loan association, savings bank, or credit union whose deposits were insured by an agency of the U.S. government and that maintained a principal office or branch office located in Michigan under the authority of Michigan or U.S. laws.

Another of the authorized investments is for commercial paper that is supported by an irrevocable letter of credit issued by a bank that is a member of the FDIC. The bill, instead, would refer to an irrevocable letter of credit issued by a financial institution.

Further, the Act provides that additional funds of a community college district may not be invested or deposited in a bank, savings and loan association, or credit union that is not eligible to be a depository of surplus State funds. The bill, instead, would refer to a financial institution that was not so eligible.

MCL 290.658 (S.B. 229)
121.17 (S.B. 230)
331.46 (S.B. 231)
125.1439 (S.B. 232)
41.77 (S.B. 233)
389.142 (S.B. 234)

Legislative Analyst: P. Affholter

FISCAL IMPACT

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

Fiscal Analyst: M. Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.