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

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House Bills 4587 through 4600 (Substitutes H-1 as reported without amendment)

House Bill 4601 (Substitute S-1 as reported)

House Bill 4602 (Substitute H-1 as reported without amendment)

Sponsor: Representative George Mans (House Bills 4587 & 4588)

Representative Gloria Schermesser (House Bills 4589 & 4590)

Representative Samuel Thomas III (House Bills 4591 & 4592)

Representative William Callahan (House Bills 4593 & 4594)

Representative Ilona Varga (House Bills 4595 & 4596)

Representative David Jaye (House Bill 4597)

Representative Alvin Kukuk (House Bill 4598)

Representative John Gernaat (House Bill 4599)

Representative Andrew Richner (House Bills 4600)

Representative Timothy Walberg (House Bill 4601)

Representative Kim Rhead (House Bill 4602)

House Committee: Commerce

Senate Committee: Financial Services

## **CONTENT**

The bills would amend various acts to provide for the deposit of public funds in any of various types of financial institutions, rather than specific types of financial institutions; allow financial institutions to pledge assets as security for the deposit of funds of political subdivisions of the State; and specify the types of assets that financial institutions could pledge as security. The bills would require that money collected under those acts be deposited in a "financial institution", and would provide a consistent definition of that term. (Currently, the acts provide for the deposit of funds in various types of financial or depository institutions or have different definitions of "financial institution".) Under all the bills, "financial institution" would mean a state- or nationally chartered bank or a state- or Federally chartered savings and loan association, savings bank, or credit union whose deposits were insured by an agency of the United States government and that maintained a principal office or branch office in this State under Michigan or U.S. laws. Under House Bill 4601 (S-1), for the purposes of repurchase agreements, a "financial institution" would not have to maintain a principal office or branch office in Michigan.

In addition, House Bills 4589 (H-1), 4590 (H-1), 4591 (H-1), 4595 (H-1) to 4600 (H-1), and 4602 (H-1) specify the assets that would be acceptable for pledging to secure deposits of public funds. Those would include assets considered acceptable to the State Treasurer, under Public Act 105 of 1855, to secure deposits of State surplus funds; securities issued by the Federal Home Loan Mortgage Corporation; securities issued by the Federal National Mortgage Association; securities issued by the Government National Mortgage Association; and other securities considered acceptable to the depositing entity and the financial institution.

House Bill 4587 (H-1) would amend the Statutory Joint Account Act. House Bill 4588 (H-1) would amend Public Act 114 of 1965, which created the Bean Commission. House Bill 4589 (H-1) would amend Public Act 59 of 1915, which provides for the levying and collecting of taxes and special assessments for the construction, improvement, and maintenance of highways.

House Bill 4590 (H-1) would amend Public Act 381 of 1925, which authorizes certain counties to combine for the purpose of planning highway systems. House Bill 4591 (H-1) would amend the Code of Criminal Procedure. House Bill 4592 (H-1) would amend the Lottery Act. House Bill 4593

(H-1) would amend Public Act 70 of 1954, which deals with agreements to provide for the final disposition of a dead human body. House Bill 4594 (H-1) would amend Public Act 314 of 1965, which authorizes the investment of assets of public employee retirement systems created by the State or any political subdivision.

House Bill 4595 (H-1) would amend Public Act 99 of 1909, which authorizes county boards of commissioners to designate depositories of public funds received by the county treasurer. House Bill 4596 (H-1) would amend Public Act 40 of the First Extra Session of 1932, which provides for the designation of depositories for public money. The bill also would repeal a section of the Act specifying that a security, in the form of collateral, surety bond, or in another form may not be taken for the deposit of public money (MCL 129.13). House Bill 4597 (H-1) would amend Public Act 20 of 1943, which regulates the investment of surplus funds of political subdivisions of the State. House Bill 4598 (H-1) would amend Public Act 321 of 1909, which provides for the depositing and safeguarding of public money belonging to Michigan villages. House Bill 4599 (H-1) would amend Public Act 23 of the First Extra Session of 1934, which authorizes the investment in bonds of certain public entities by the State and its departments and political subdivisions.

House Bill 4600 (H-1) would amend the Revised School Code. House Bill 4601 (S-1) would amend Public Act 105 of 1855, which regulates the disposition of surplus funds in the State Treasury. The bill also would repeal a section of the Act that prohibits the State Treasurer from depositing any surplus funds belonging to the State in a financial institution with total assets of more than \$10 million unless the financial institution files an affidavit stating whether it is subject to the Federal Home Mortgage Disclosure Act, and if subject to that Federal Act, that the institution has complied with the Act and any regulations promulgated under it (MCL 21.145). House Bill 4602 (H-1) would amend the Surplus Funds Investment Pool Act.

MCL 487.714 (H.B. 4587)  
290.557 (H.B. 4588)  
247.425 (H.B. 4589)  
252.6 (H.B. 4590)  
774.26c (H.B. 4591)  
432.35 (H.B. 4592)  
328.201 (H.B. 4593)  
38.1140c (H.B. 4594)  
129.31 et al. (H.B. 4595)  
129.12 et al. (H.B. 4596)  
129.91 (H.B. 4597)  
129.41 et al. (H.B. 4598)  
129.81 et al. (H.B. 4599)  
380.622 et al. (H.B. 4600)  
21.143 & 21.147 (H.B. 4601)  
129.112 (H.B. 4602)

Legislative Analyst: P. Affholter

## **FISCAL IMPACT**

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

Date Completed: 5-27-97

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.