

# HOUSE BILL No. 5669

April 9, 1990, Introduced by Reps. Palamara, Jacobetti, Stupak, Porreca, DeMars and Pitoniak and referred to the Committee on Towns and Counties.

A bill to amend section 1 of Act No. 20 of the Public Acts of 1943, entitled as amended

"An act relative to the investment of surplus funds of political subdivisions of the state; and to validate certain investments," as amended by Act No. 239 of the Public Acts of 1988, being section 129.91 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 1 of Act No. 20 of the Public Acts of  
2 1943, as amended by Act No. 239 of the Public Acts of 1988, being  
3 section 129.91 of the Michigan Compiled Laws, is amended to read  
4 as follows:

5       Sec. 1. (1) The legislative or governing body of a county,  
6 city, village, township, or special assessment district, or an  
7 agency, board, or commission of a county, city, village, or  
8 township, by resolution, may authorize its treasurer or other

1 chief fiscal officer to invest surplus funds belonging to and  
2 under the control of the political subdivision, special assess-  
3 ment district, or agency, board, or commission ~~of a county~~ as  
4 follows:

5 (a) In bonds, securities, and other obligations of the  
6 United States, or an agency or instrumentality of the United  
7 States in which the principal and interest is fully guaranteed by  
8 the United States. This subdivision ~~shall include~~ INCLUDES  
9 securities issued or guaranteed by the government national mort-  
10 gage association.

11 (b) In certificates of deposit, savings accounts, deposit  
12 accounts, or depository receipts of a bank ~~which~~ THAT is a  
13 member of the federal deposit insurance corporation, ~~or~~ a sav-  
14 ings and loan association ~~which~~ THAT is a member of the federal  
15 savings and loan insurance corporation or a credit union ~~which~~  
16 THAT is insured by the national credit union administration, but  
17 only if the bank, savings and loan association, or credit union  
18 complies with subsection (2).

19 (c) In commercial paper rated at the time of purchase within  
20 the 3 highest classifications established by not less than 2  
21 standard rating services and ~~which~~ THAT matures not more than  
22 270 days after the date of purchase. Not more than 50% of ~~any~~  
23 A fund ~~may~~ SHALL be invested in commercial paper at any time.

24 (d) In United States government or federal agency obligation  
25 repurchase agreements.

26 (e) In bankers' acceptances of United States banks.

1 (F) IN OBLIGATIONS OF THIS STATE, A POLITICAL SUBDIVISION OF  
2 THIS STATE, ANOTHER STATE, OR A POLITICAL SUBDIVISION OF ANOTHER  
3 STATE, IF THE INTEREST ON THE OBLIGATIONS IS EXCLUDED FROM GROSS  
4 INCOME FOR FEDERAL INCOME TAX PURPOSES AND THE OBLIGATIONS ARE  
5 RATED AT THE TIME OF PURCHASE WITHIN THE 3 HIGHEST CLASSIFICA-  
6 TIONS ESTABLISHED BY NOT LESS THAN 2 STANDARD RATING SERVICES.

7 (G) ~~-(f)-~~ In mutual funds composed of investment vehicles  
8 ~~which~~ THAT are legal for direct investment by local units of  
9 government in Michigan.

10 (2) A county, city, village, township, or special assessment  
11 district investing funds under subsection (1) shall not deposit  
12 or invest the funds in a bank, savings and loan association, or  
13 credit union ~~which~~ THAT is not eligible to be a depository of  
14 surplus funds belonging to the state under section 5 or 6 of Act  
15 No. 105 of the Public Acts of 1855, as amended, being sections  
16 21.145 and 21.146 of the Michigan Compiled Laws.