



**House  
Legislative  
Analysis  
Section**

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**STATE INFORMATION DEPOSITORY**

**House Bill 5224**

**Sponsor: Rep. William Bobier**

**Committee: Urban Policy**

**Complete to 2-19-96**

**A SUMMARY OF HOUSE BILL 5224 AS INTRODUCED 10-10-95**

The bill would create the State Information Depository Act, under which certain information pertaining to municipal securities would be maintained in a State Information Depository as follows:

State Information Depository. An "entity" (the Department of Treasury or a private legal entity) would be designated by the state treasurer as the state information depository for the purpose of assisting brokers and dealers, including municipal securities dealers, in complying with certain federal regulations (17 CFR 240.15c2-12). In designating the entity, the treasurer would have to consider whether it would be able to perform the duties outlined in the act, and whether it would be able to meet the conditions and requirements that the treasurer considered appropriate to carry out its duties. The entity designated would have to accomplish all of the following:

**\*\* Maintain current, accurate information about the municipal securities offerings of issuers of municipal securities in this state, and about obligated persons with respect to those securities, including final official statements, annual financial information, audited financial statements, notices of "material events" (see below), and notices of failure to provide annual financial information by obligated persons as required under the Code of Federal Regulations, at no charge to the issuers or obligated persons. The depository would not be required to verify the accuracy of the information, except that, if the Department of Treasury were designated as the depository, to the extent that it is required to verify the accuracy of the information under other law.**

**\*\* Accept the information on municipal securities offerings from any issuer located in this state and any obligated person for the municipal securities offering of such an issuer.**

**\*\* Make the information on municipal securities offerings available promptly to the public on a contemporaneous basis, upon payment of an applicable and reasonable fee. If the Department of Treasury were designated as the depository, the fees would be set to defray the costs of operating the depository.**

If a private entity were designated as the depository, the state treasurer could require the depository to supply any information or reports that it considered appropriate. The information or reports would have to be provided to the state treasurer without charge. The bill specifies that if a private entity were designated as the depository, it would not be considered an agency or instrumentality of the state for any purpose whatsoever.

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**Revocation of Designation.** The state treasurer could revoke an entity's designation as the depository with or without cause. If revoked, or if a private entity designated as the depository voluntarily terminated its service, the treasurer would designate another entity, using the same criteria as before.

**Definitions.** The terms "annual financial information," "final official statement," "issuer of municipal securities," and "obligated person" would mean those terms as defined in the Code of Federal Regulations (17.CFR 240.15c2-12). The terms "broker," "dealer," "municipal securities," and "municipal securities dealer" would mean those terms as defined in Section 3 of Title I of the federal Securities Exchange Act of 1934.

"Material event" would mean the failure of an issuer of municipal securities to timely file an annual financial report, as required under the Uniform System of Accounting Act or the Uniform Budgeting and Accounting Act, or any of the following occurrences with respect to securities being offered in an offering, if material: principal and interest payment delinquencies; non-payment-related defaults; unscheduled draws on debt service reserves or on credit enhancements reflecting financial difficulties; substitution of credit or liquidity providers, or their failure to perform; adverse tax opinions or events affecting the tax-exempt status of the security; modifications to rights of security holders; bond calls; defeasances; release, substitution, or sale of property securing repayment of the securities; or rating changes.

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