



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 834 (as reported without amendment)
Sponsor: Senator Michael J. Bouchard
Committee: Financial Services

CONTENT

The bill would amend the Shared Credit Rating Act to delete the Act's authorization for the board of trustees of the Michigan Municipal Bond Authority to manage an investment or create and manage an investment pool for a governmental unit. The bill also would repeal a section of the Act that provides for a local unit's contracting with the Authority to invest the unit's money in an investment pool created and managed by the Authority (MCL 141.1078).

The provision that would be deleted allows the Authority to contract with private or public sector fund investment advisors, investment managers, and fund administrators, and with the Department of Treasury to pool a governmental unit's investment with the investment of State surplus funds. The Authority may not, however, invest a governmental unit's money in a manner not authorized by law or charter for that unit. Under the deleted provision, the Department of Treasury must consider and account for a governmental unit's investment that is pooled with State surplus funds as a trust fund that is equivalent to a debt service fund within the State Common Cash Fund.

The Act also allows the Authority to authorize a board member or the Authority's executive director to manage investments and create and manage investment pools on behalf of governmental units and the State Water Pollution Control Revolving Fund. The bill, instead, would allow the creation and management of those investments and would delete reference to the creation and management of investment pools.

MCL 141.1057 & 141.1063

Legislative Analyst: P. Affholter

FISCAL IMPACT

The Michigan Municipal Bond Authority currently does not participate in the creation and management of investment pools. The bill would have no fiscal impact.

Date Completed: 3-7-96

Fiscal Analyst: M. Bain