



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5256 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Representative Liz Brater
House Committee: Urban Policy
Senate Committee: Financial Services

CONTENT

The bill would amend Public Act 71 of 1919 (which requires that State departments, institutions, and offices, and county offices, make a annual financial reports) to provide that within 60 days after the end of each fiscal year, a State department, institution, or office would have to file with the Auditor General a report showing the cost and fiscal year end market value of derivative instruments or products in its nonpension investment portfolio at fiscal year end. A report also would have to show the cost and fiscal year end market value for specific categories of investments (including derivative instruments or products) in the State pension system's investment portfolio at fiscal year end.

The bill also would require a county's annual financial report to include statements indicating whether there were derivative instruments or products in the county's nonpension or pension investment portfolio at fiscal year end. If either statement were affirmative, the report would have to include an accurate schedule reporting the cost and fiscal year end market value of derivative instruments or products in the investment portfolio.

If a State department, institution, or office failed to report as required, the Auditor General could determine that the department, institution, or office could not report without his or her assistance. The department, institution, or office would have to retain the Auditor General or a certified public accountant to report its investments. The Auditor General would have to charge reasonable and necessary expenses to the department, institution, or office for services performed. If a county failed to report as required, the State Treasurer would have the same responsibilities as the Auditor General under these provisions.

The State Treasurer would have to file with the Library of Michigan sufficient copies of a schedule of derivative instruments and products to deposit one copy in the Library of Michigan and one copy in each depository library, which would have to serve as depositories for these schedules and make them available to the public. A State department, institution, or office, and a county would have to obtain and retain a copy of a statement submitted under the bill or an annual financial report submitted under the Act, and make it available for public inspection.

MCL 21.44 et al.

Legislative Analyst: S. Margules

FISCAL IMPACT

The Auditor General estimates its costs under the bill for compiling the report at \$12,200.

Date Completed: 9-17-96

Fiscal Analyst: B. Bowerman

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