



HOUSE BILL No. 5280

October 25, 1995, Introduced by Rep. Middaugh and referred to the Committee on Conservation, Environment and Great Lakes.

A bill to amend section 2b of Act No. 105 of the Public Acts of 1855, entitled as amended

"An act to regulate the disposition of the surplus funds in the state treasury; to provide for the deposit of surplus funds in certain financial institutions; to lend surplus funds pursuant to loan agreements secured by certain commercial, agricultural, or industrial real and personal property; to authorize the loan of surplus funds to certain municipalities; to authorize the participation in certain loan programs; to authorize an appropriation; and to prescribe the duties of certain state agencies,"

as added by Act No. 118 of the Public Acts of 1987, being section 21.142b of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 2b of Act No. 105 of the Public Acts of
2 1855, as added by Act No. 118 of the Public Acts of 1987, being
3 section 21.142b of the Michigan Compiled Laws, is amended to read
4 as follows:

1 Sec. 2b. (1) The state treasurer may invest surplus funds
2 under the state treasurer's control with a financial institution,
3 investment company, insurance company, or other legal entity
4 entitled to receive an investment, which investment may be in the
5 form of a deposit, repurchase agreement, guaranteed investment
6 contract, banker's acceptances, or other security evidencing the
7 obligation of the entity receiving the investments to repay the
8 investment under the terms and conditions contained in an invest-
9 ment agreement, including the rate of return, if any, to be
10 received on the investment.

11 (2) An investment made under this section is found and
12 declared to be for a valid public purpose.

13 (3) In addition to the terms and conditions that may be pre-
14 scribed by the investment agreement, the investment agreement
15 shall also provide for the following:

16 (a) The character, extent, and nature of security necessary
17 for the investment.

18 (b) That the investment shall be loaned to the Michigan
19 municipal bond authority for the purpose of the Michigan municipi-
20 pal bond authority investing the proceeds of that loan in a
21 manner consistent with and pursuant to the shared credit rating
22 act, Act No. 227 of the Public Acts of 1985, being sections
23 141.1051 to ~~141.1077~~ 141.1078 of the Michigan Compiled Laws, to
24 produce a return available to the Michigan municipal bond author-
25 ity solely for the purpose of structuring, assisting, or benefit-
26 ing an eligible project or to pay principal and interest on any

1 proceeds of an obligation of the Michigan municipal bond
2 authority which are used to benefit an eligible project.

3 (c) The term of the investment.

4 (4) The amount of any investment made pursuant to this sub-
5 section shall not exceed 10% of the average balance of the state
6 common cash fund during the 30 days preceding the date on which
7 the list of eligible projects is submitted to the joint capital
8 outlay subcommittee, calculated after other investments made pur-
9 suant to this section have been deducted.

10 (5) Earnings from an investment made pursuant to this sec-
11 tion in excess of the average rate of interest earned during the
12 same period on other surplus funds, other than surplus funds
13 invested pursuant to section 1, 2, or 2a, shall be credited to
14 the general fund of the state. If interest from an investment
15 made pursuant to this section is below the average rate of inter-
16 est earned during the same period on other surplus funds, other
17 than surplus funds invested pursuant to section 1, 2, or 2a, the
18 general fund shall be reduced by the amount of the deficiency on
19 an amortized basis over the remaining term of the investment. A
20 loss of principal from an investment made pursuant to this sec-
21 tion shall reduce the earnings on the general fund by the amount
22 of that loss on an amortized basis over the remaining term of the
23 investment.

24 (6) Not less than 30 days before an investment is made pur-
25 suant to this section the director and the state treasurer shall
26 prepare and submit to the members of the joint capital outlay
27 subcommittee of the appropriations subcommittees of the

1 legislature a list of projects that the director and the state
2 treasurer determine are eligible projects and the local units in
3 which the eligible projects are located. Upon the approval of
4 the joint capital outlay subcommittee, the state treasurer may
5 execute the investment authorized by this section.

6 (7) A project shall not be approved by the director and the
7 state treasurer as an eligible project unless all of the follow-
8 ing conditions are met:

9 (a) The director determines that the project is located in a
10 county that has an approved solid waste management plan.

11 (b) The director determines that the project is consistent
12 with the approved solid waste management plan.

13 (c) The director determines that the project has all the
14 permits that are required by state law that are specifically
15 applicable to the nature of the proposed project.

16 (d) If the project is a waste to energy facility, the direc-
17 tor determines that the facility utilizes the best available con-
18 trol technology and that the resultant ash is tested for toxicity
19 and appropriate disposal is assured.

20 (e) If the project is a waste to energy facility, the
21 project either includes the recycling of the recyclable portion
22 of the project's projected waste stream, or the project applica-
23 tion includes a recycling feasibility analysis or other available
24 information that indicates that recycling is not necessary or
25 feasible, or is only necessary or feasible to a limited extent
26 and that adding such a component to the project would not be
27 economically feasible. If any local unit within a county which

1 has an approved solid waste management plan operates a recycling
 2 project or receives funding pursuant to ~~the clean Michigan fund~~
 3 ~~act, Act No. 249 of the Public Acts of 1986, being sections~~
 4 ~~299.371 to 299.393~~ PART 191 (CLEAN MICHIGAN FUND) OF THE NATURAL
 5 RESOURCES AND ENVIRONMENTAL PROTECTION ACT, ACT NO. 451 OF THE
 6 PUBLIC ACTS OF 1994, BEING SECTIONS 324.19101 TO 324.19121 of the
 7 Michigan Compiled Laws, for a recycling project that included an
 8 analysis of the feasibility of recycling in the county in which
 9 the project is located, the requirements of this subdivision
 10 shall be met for all local units within the planning area.

11 (f) The state treasurer determines that the project meets
 12 the requirements of this section, that the project is economi-
 13 cally feasible, and that no similar project that is economically
 14 feasible without the expenditure of state funds is proceeding in
 15 a timely manner and has made application with the director for
 16 any permit or license necessary for construction or operation in
 17 the county in which the project is located.

18 (8) The director and the state treasurer shall work together
 19 to assure that eligible projects are economically viable and will
 20 assist in developing and encouraging methods for the disposal of
 21 solid waste that are environmentally sound and maximize the use
 22 and reuse of valuable resources.

23 (9) As used in this section:

24 (a) "Authority" means the Michigan municipal bond authority
 25 created in ~~the shared credit rating act,~~ Act No. 227 of the
 26 Public Acts of 1985. ~~, being sections 141.1051 to 141.1077 of~~
 27 ~~the Michigan Compiled Laws.~~

1 (b) "Best available control technology" means best available
2 control technology as defined in SECTION 169 OF SUBPART I OF PART
3 C OF TITLE I OF the ~~federal~~ clean air act, CHAPTER 360, 91
4 STAT. 740, 42 U.S.C. ~~section~~ 7479.

5 (c) "Director" means the director of the department of
6 ~~natural resources~~ ENVIRONMENTAL QUALITY or his or her autho-
7 rized representative.

8 (d) "Eligible project" means 1 or more of the following
9 projects of a local unit that have been approved by the director
10 and the state treasurer, including costs associated with a
11 project necessary for issuance of evidences of indebtedness to
12 finance the project:

13 (i) The construction, improvement, acquisition, or enlarge-
14 ment of a waste to energy facility.

15 (ii) The construction, improvement, acquisition, or enlarge-
16 ment of a solid waste transfer facility.

17 (iii) The construction, improvement, or enlargement of a
18 recycling project or the acquisition of recycling equipment.

19 (iv) The construction, improvement, or enlargement of a com-
20 posting project or the acquisition of composting equipment.

21 (e) "Local units" means a city, village, township, county,
22 or an authority created by or pursuant to state law, or any com-
23 bination thereof if authorized by state law to act jointly.

24 (f) "Composting project", "recycling project", "solid
25 waste", "solid waste transfer facility", and "waste to energy"
26 have the meaning ascribed to them in ~~the clean Michigan fund~~
27 ~~act, Act No. 249 of the Public Acts of 1986, being sections~~

1 ~~299.371 to 299.393 of the Michigan Compiled Laws.~~ PART 191 OF
2 ACT NO. 451 OF THE PUBLIC ACTS OF 1994.

3 (10) Notwithstanding any other provision of this act, the
4 state treasurer shall not invest additional surplus funds in the
5 manner and for the purposes provided in this section after the
6 electors approve the issuance of general obligation bonds in
7 accordance with section 15 of article IX of the state constitu-
8 tion of 1963 and not less than \$250,000,000.00 of the proceeds of
9 those bonds is to be used to promote solid waste management in
10 the state by funding eligible projects or similar solid waste
11 management projects, promoting solid waste reduction, upgrading
12 or closing existing landfills, or providing educational and tech-
13 nical assistance regarding solid waste management.