

Act No. 44
Public Acts of 1997
Approved by the Governor
June 30, 1997
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June 30, 1997
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STATE OF MICHIGAN
89TH LEGISLATURE
REGULAR SESSION OF 1997

Introduced by Reps. Jaye, Kukuk, Gernaat, Rhead, Walberg, Richner and Kaza

ENROLLED HOUSE BILL No. 4597

AN ACT to amend 1943 PA 20, entitled "An act relative to the investment of surplus funds of political subdivisions of the state; and to validate certain investments," by amending section 1 (MCL 129.91), as amended by 1988 PA 239.

The People of the State of Michigan enact:

Sec. 1. (1) The legislative or governing body of a county, city, village, township, or special assessment district, or an agency, board, or commission of a county, city, village, or township, by resolution may authorize its treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the political subdivision, special assessment district, or agency, board, or commission of a county as follows:

(a) In bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States. This subdivision shall include securities issued or guaranteed by the government national mortgage association.

(b) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2).

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

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

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

(f) In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in this state.

(2) A county, city, village, township, or special assessment district investing funds under subsection (1) shall not deposit or invest the funds in a financial institution which is not eligible to be a depository of surplus funds belonging to the state under section 6 of 1855 PA 105, MCL 21.146.

(3) Assets acceptable for pledging to secure deposits of public funds are limited to any of the following:

(a) Assets considered acceptable to the state treasurer under section 3 of 1855 PA 105, MCL 21.143, to secure deposits of state surplus funds.

(b) Any of the following:

(i) Securities issued by the federal home loan mortgage corporation.

(ii) Securities issued by the federal national mortgage association.

(iii) Securities issued by the government national mortgage association.

(c) Other securities considered acceptable to the public subdivision and the financial institution.

(4) As used in this section, "financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this state under the laws of this state or the United States.

This act is ordered to take immediate effect.

Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.