

## **PUBLIC CORPORATIONS: POOLING INVESTMENTS**

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**Senate Bill 875 (Substitute H-1)**

**Sponsor: Sen. Bill Hardiman**

**House Committee: Local Government and Urban Policy**

**Senate Committee: Local, Urban and State Affairs**

**Complete to 5-4-06**

### **A SUMMARY OF SENATE BILL 875 (H-1) AS REPORTED BY HOUSE COMMITTEE**

Senate Bill 875 would allow for expanded pooling and coordination of investments by multiple public corporations. The bill would amend Public Act 20 of 1943, which regulates the investments of public corporations. A public corporation is defined in the act as a county, city, village, township, port district, drainage district, special assessment district, or metropolitan district, or another authority or agency created by or under an act of the state legislature.

[Currently, the act permits a public corporation to invest its funds in pools under the Surplus Funds Act and under the Local Government Investment Pools Act. Under the first act, the governing body of a local unit may enter into a contract with a financial institution to place surplus funds in an investment pool. Under the second, a local unit may enter into a contract with a participating county to place surplus funds in an investment pool.]

Specifically, Senate Bill 875 would permit the governing body of a public corporation to enter into written agreements with other public corporations to pool or coordinate the funds to be invested with the funds of other public corporations. The agreements would have to include all of the following:

- \*\* The types of investments permitted to be purchased with pooled funds.
- \*\* The rights of members of the pool to withdraw funds without penalty.
- \*\* The duration of the agreement.
- \*\* The method by which the pool would be administered.
- \*\* The manner by which the public corporations will respond to liabilities incurred in conjunction with the administration of the pool.
- \*\* The manner of providing strict accountability for all funds, including an annual statement of all receipts and disbursements.

\*\* The manner by which public corporations will adhere to their investment policies (which must be developed in accordance with Section 5 of the act).

MCL 129.91

**FISCAL IMPACT:**

The bill would have no impact on state revenues or expenditure, no impact on local expenditures, and could improve investment returns for local units of government.

**POSITIONS:**

The Department of Treasury indicated support for the bill. (4-26-06)

The Michigan Townships Association indicated support for the bill. (4-26-06)

Legislative Analyst: Chris Couch  
Fiscal Analyst: Jim Stansell

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.