

SPECIAL REVENUE FUND INVESTMENT

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Senate Bill 1253 as passed the Senate

Sponsor: Sen. John Pappageorge

House Committee: Intergovernmental, Urban and Regional Affairs

Senate Committee: Local, Urban and State Affairs

Complete to 12-2-08

A SUMMARY OF SENATE BILL 1253 AS PASSED BY THE SENATE 6-18-08

The bill would amend Public Act 20 of 1943 to authorize the governing body of a public corporation that had a special revenue fund consisting of payments for park operations and maintenance, by resolution, to provide its investment officer with the same authority to invest the assets of the special revenue fund as is granted an investment fiduciary under the Public Employee Retirement System Investment Act. The bill would apply notwithstanding any law or charter provision to the contrary.

Public Act 20 defines "public corporation" as a county, city, village, township, port district, drainage district, special assessment district, or metropolitan district of this state, or a board, commission, or other authority or agency created by or under an act of the legislature.

Under the Public Employee Retirement System Investment Act, an investment fiduciary may invest, reinvest, hold in nominee form, and manage the assets of a public employee retirement system, subject to the terms, conditions, and limitations of the act. An investment fiduciary may invest in any of the following under certain conditions:

- Stock.
- Investment companies registered under the Federal Investment Company Act.
- Annuity investment contracts or participations in separate real estate, mortgage, bond, stock, or other special investment accounts of a life insurance company authorized to do business in the state.
- Obligations issued, assumed, or guaranteed by a solvent entity created or existing under the laws of the United States or of any state, district, or territory of the United States, that are not in default as to principal or interest.
- Obligations secured by a security interest in real or personal property and a lease obligation given by solvent entity whose obligations would be qualified investments under the Public Employee Retirement System Investment Act.
- Real estate or mortgages on real property leased or to be leased to the United States government, or to a state, territory, agency, authority, or public instrumentality of the United States.
- Publicly or privately issued real estate investment trusts or otherwise qualified real or personal property.

- Loans secured by first liens upon improved or income-bearing real property, first mortgages or deeds of trust on leasehold estates, and first mortgages on unimproved real property.
- Foreign securities.

FISCAL IMPACT:

The bill would allow public corporations to realize an increase in revenue. Although the amount of the increase cannot be determined, it would likely be fairly small.

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