



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bill 678 (as passed by the Senate)
Sponsor: Senator Tony Stamas
Committee: Local, Urban, and State Affairs

Date Completed: 10-31-07

RATIONALE

Currently, the investment officer of a public corporation, such as a county, city, or township, must give its governing body a written report concerning the investment of the public corporation's surplus funds. Evidently, the reports allow governing bodies to monitor investment officers' decisions and help prevent certain bad investments and malfeasance. Because an investment officer may make many investment decisions throughout the year, however, a governing body might not find out about an investment until a year after it occurred. During that time, the public corporation's finances could be significantly damaged.

In order to increase oversight of a public corporation's investments, it has been suggested that investment officers should be required to submit surplus funds' reports quarterly instead of annually.

CONTENT

The bill would amend Public Act 20 of 1943, which pertains to the investment of surplus funds of political subdivisions, to require the investment officer of a public corporation to make a quarterly, rather than annual, written report concerning the investment of surplus funds.

(The Act 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 State Legislature. "Governing body" means the legislative body, council, commission,

board, or other body having legislative powers of a public corporation.)

MCL 129.96

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bill would decrease the potential for careless investing and malfeasance by investment officers, by making the investment of public money more transparent and giving governing bodies more opportunities to monitor investment decisions. Because investment officers already are required to maintain records for annual written reports, it should not be difficult for them to compile that information quarterly.

Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would have no impact on State or local government.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.