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Senate Bill 583 (Substitute S-1 as reported)

Sponsor: Senator Tony Stamas

Committee: Banking and Financial Institutions

CONTENT

The bill would amend the Community College Act to allow the treasurer of a community college district, with the authorization of the board of trustees, to invest debt retirement funds, building and site funds, building and site sinking funds, or general funds of the district in certificates of deposit (CDs) issued in accordance with the following conditions:

- -- The funds initially were invested through a financial institution that was not ineligible to be a depository of surplus funds belonging to the State under Section 6 of Public Act 105 of 1855.
- -- The financial institution arranged for the investment of the funds in CDs in one or more insured depository institutions (i.e., a bank or savings institution whose deposits are insured by the FDIC) or one or more insured credit unions (i.e., a credit union whose deposits are insured by the National Credit Union Share Insurance Fund), for the account of the community college.
- -- The full amount of the principal and any accrued interest of each CD was insured by an agency of the United States.
- -- The financial institution acted as custodian for the community college district with respect to each CD.
- -- At the time that the funds were deposited and the CDs were issued, the financial institution received an amount of deposits from customers of other insured depository institutions equal to or greater than the amount of the funds initially invested by the community college district through the financial institution.

MCL 389.142 Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bill would result in additional FDIC coverage by allowing community college districts to use the certificate of deposit account registry service program as an investment tool.

Date Completed: 5-27-09 Fiscal Analyst: Bill Bowerman