

# Legislative Analysis



## DEPOSITORIES FOR PUBLIC MONEY

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**Senate Bill 455 (S-1) as passed by the Senate**

**Sponsor: Sen. Ian Conyers**

**House Committee: Local Government**

**Senate Committee: Local Government**

**Complete to 10-3-18**

Analysis available at

<http://www.legislature.mi.gov>

## SUMMARY:

Senate Bill 455 would amend Public Act 40 of 1932, which governs depositories for public moneys. It would repeal Act 99 of 1909, which also governs depositories for public moneys, and seek to merge the two acts and reconcile any inconsistencies. In addition, the bill would repeal Section 5 of PA 40 and incorporate that section's language into Section 6 of the act. According to testimony in the Senate Local Government committee, the bill is intended to update language and streamline practices for county clerks and treasurers. The bill would take effect 90 days after enactment.

Currently, Act 99 of 1909 requires county clerks to solicit bids from financial institutions, and the County Board of Commissioners to contract with one submitting a satisfactory bid for the safe keeping of public funds.

Instead, under the bill, the treasurer of a local public entity could recommend one or more financial institutions that meet the requirements for a depository of public money, using a procurement process that is consistent with best practices for procurement of banking services by that type of public entity. The local public entity's governing body would have to consider any recommendation submitted by the treasurer. (Designation as a depository of public money would apply to a financial institution's successor institution in case of a merger or acquisition.)

Additionally, the bill would replace lists of local units and governing boards throughout existing statute with the broader terms ***local public entity*** and ***governing body***, respectively.

It would also provide that an officer of a local public entity authorized to deposit public money collected or received by the entity would have to deposit the money as soon as practicable in one or more financial institutions designated under the act. This requirement would not prevent a county treasurer from keeping on hand a reasonable amount of money necessary to conduct the affairs of his or her office.

MCL 129.11 et al.; and MCL 129.15 and 129.31 to 129.40 (repealed)

## FISCAL IMPACT:

Senate Bill 455 would have no discernible fiscal impact on state or local units of government.

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