

SENATE BILL No. 481

May 30, 1989, Introduced by Senator GAST and referred to
the Committee on Appropriations.

A bill to amend the title and section 3 of Act No. 105 of
the Public Acts of 1855, entitled as amended

"An act to regulate the disposition of the surplus funds in the
state treasury; to provide for the deposit of surplus funds in
certain financial institutions; to require certain reports by
those institutions; to lend surplus funds pursuant to loan agree-
ments secured by certain commercial, agricultural, or industrial
real and personal property; to authorize the loan of surplus
funds to certain municipalities; to authorize an appropriation;
and to prescribe the duties of certain state agencies,"

as amended by Act No. 284 of the Public Acts of 1987, being sec-
tion 21.143 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. The title and section 3 of Act No. 105 of the
2 Public Acts of 1855, as amended by Act No. 284 of the Public Acts
3 of 1987, being section 21.143 of the Michigan Compiled Laws, are
4 amended to read as follows:

TITLE

1
2 An act to regulate the disposition of the surplus funds in
3 the state treasury; to provide for the deposit of surplus funds
4 in certain financial institutions; to require certain reports by
5 those institutions; to lend surplus funds pursuant to loan agree-
6 ments secured by certain commercial, agricultural, or industrial
7 real and personal property; to authorize the loan of surplus
8 funds to certain municipalities; TO AUTHORIZE THE INVESTMENT OF
9 CERTAIN SURPLUS FUNDS IN THE CAPITAL OUTLAY PROJECT REVOLVING
10 FUND; to authorize an appropriation; and to prescribe the duties
11 of certain state agencies.

12 Sec. 3. (1) A financial institution shall not be made a
13 depository of surplus funds belonging to the state unless the
14 financial institution complies with this act and the principal
15 office of the financial institution is located in this state.
16 The state treasurer shall require of a financial institution,
17 before it is made a depository of surplus funds belonging to the
18 state, good and ample security, to be approved by the state trea-
19 surer and the attorney general for the safekeeping and reimburse-
20 ment of the surplus funds, when called for, and the payment of
21 the rate of return as the state treasurer, in the treasurer's
22 discretion, considers best for the interest of the state. The
23 state treasurer also may invest surplus funds belonging to the
24 state in the bonds, notes, and other evidences of indebtedness of
25 the United States government and its agencies, and in prime com-
26 mercial paper. — IN ADDITION, THE STATE TREASURER MAY INVEST
27 SURPLUS FUNDS FROM THE GENERAL FUND PORTION OF THE MONEY

1 COMPRISING SURPLUS FUNDS BELONGING TO THE STATE IN THE CAPITAL
2 OUTLAY PROJECT REVOLVING FUND, AS CREATED BY THE CAPITAL OUTLAY
3 PROJECT REVOLVING FUND ACT, FOR A SPECIFICALLY IDENTIFIED CAPITAL
4 OUTLAY PROJECT PROVIDED THAT THE INVESTMENT BEARS INTEREST AT A
5 RATE OF NOT LESS THAN 2%; may use surplus funds as defined in
6 section 2 in the manner provided in section 2; ~~—~~ may use sur-
7 plus funds as defined in section 2a in the manner provided in
8 section 2a; ~~—~~ may use surplus funds in the manner provided in
9 section 2b; ~~—~~ and may use each fiscal year not more than that
10 amount of the surplus funds necessary to make loans to municipal-
11 ities pursuant to section 1.

12 (2) All earnings from loans made under section 1 OR FROM AN
13 INVESTMENT IN THE CAPITAL OUTLAY PROJECT REVOLVING FUND in excess
14 of the average rate of interest earned on other surplus funds
15 during the same period shall be credited to the general fund of
16 the state. Any loss of principal or interest sustained from
17 loans made under section 1 OR FROM AN INVESTMENT IN THE CAPITAL
18 OUTLAY PROJECT REVOLVING FUND shall reduce the earnings of the
19 general fund on an amortized basis over the remaining term of the
20 loan.

21 (3) THE LEGISLATURE FINDS AND DECLARES THAT AN INVESTMENT
22 MADE UNDER THIS SECTION IS FOR A VALID PUBLIC PURPOSE.

23 Section 2. This amendatory act shall not take effect unless
24 Senate Bill No. 480

25 of the 85th Legislature is enacted into law.