



**House  
Legislative  
Analysis  
Section**

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**CREATE FIB FUND**

House Bill 4714 as introduced **RECEIVED**  
First Analysis (5-12-88)

**JUL 06 1988**

Sponsor: Rep. John Bennett  
Committee: Corporations and Finance  
Michigan State Law Library

***THE APPARENT PROBLEM:***

Public Act 125 of 1981 was created in response to the growing need to allow certain financial service firms to compete in the secondary mortgage loan market. The act, among other things, established regulations, licensing, procedures, and various penalties for those who wished to service these types of loans. The act authorizes the Financial Institutions Bureau (FIB) to act as the state regulator of those licensed under the act, and gives the FIB certain responsibilities and powers to regulate those under the act, including the responsibility to annually examine the books of those licensed under the act. The FIB charges examination fees to licensees and since the act does not specify where these fees are to be directed, the fees are automatically directed into the state's general fund. The FIB, therefore, has requested that the act be amended to create a special fund for the FIB, into which these examination fees would be directed, which could help the bureau to better regulate various financial institutions licensed under the act.

***THE CONTENT OF THE BILL:***

The bill would amend Public Act No. 125 of 1981 to create the Financial Institutions Bureau (FIB) Operations Fund. The bill would require that the money which the FIB receives from various examination fees be directed into the state treasury to the credit of the FIB Operations Fund. The bill also would require that money in the fund could be used only to fund the operations of the FIB.

MCL 493.64

***FISCAL IMPLICATIONS:***

According to the Financial Institutions Bureau, the bill would not affect any state expenditures but would direct the examination fees currently required under the act, of which approximately \$47,000 is collected annually, into a special FIB fund instead of into the general fund, to help the bureau better regulate those licensed under the act. (5-11-88)

***ARGUMENTS:***

***For:***

The bill would create a special FIB fund and would direct examination fees required under the act into this special fund. These fees currently are directed into the general fund and are not necessarily used to operate the FIB. The bill would ensure that the fees would be directed into this special fund and would specify that the fees could only be used to fund the operations of the bureau. Currently, revenues from the required examination fees amount to about \$47,000 annually.

***Against:***

The creation of a restricted fund would reduce the legislature's ability to appropriate funds as it sees fit, based on the many competing demands on the state's general fund.

***POSITIONS:***

The Financial Institutions Bureau supports the bill. (5-11-88)

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