



Senate Fiscal Agency  
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## BILL ANALYSIS



Telephone: (517) 373-5383  
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House Bill 5287 (Substitute S-1 as reported by the Committee of the Whole)

House Bills 5288 and 5289 (as reported without amendment)

Sponsor: Representative Ed McBroom (H.B. 5287)

Representative Jimmy Womack (H.B. 5288)

Representative Mark Ouimet (H.B. 5289)

House Committee: Banking and Financial Services

Senate Committee: Banking and Financial Institutions

**CONTENT**

House Bill 5287 (S-1) would amend the Revised School Code, House Bill 5288 would amend the Community College Act, and House Bill 5289 would amend Public Act 20 of 1943, to allow school districts and intermediate school districts (ISDs), community colleges, and public corporations, respectively, to invest their funds in deposit accounts if all of the following conditions were met:

- The funds were initially deposited in a financial institution that is not ineligible to be a depository of surplus State funds due to an illegal discriminatory lending practice related to a mortgage loan or home improvement loan application.
- The financial institution arranged for the deposit of the funds in deposit accounts in one or more insured depository institutions or insured credit unions for the account of the school district, ISD, community college, or public corporation.
- The full amount of the principal and any accrued interest of each deposit account was insured by an agency of the United States.
- The financial institution acted as custodian for the school district, ISD, community college, or public corporation, with respect to each deposit account.
- On the same date that funds of the school district, ISD, community college, or public corporation were deposited, the financial institution received an amount of deposits from customers of other insured depository institutions or insured credit unions at least equal to the amount initially deposited by the district, community, or public corporation.

House Bill 5287 (S-1) also would include property occupied by a public school academy among the property that is exempt from taxes levied for school operating purposes. "Property occupied by a public school academy" would mean property occupied by a public school academy, an urban high school, or a school of excellence that is used exclusively for educational purposes.

MCL 380.622 & 380.1223 (H.B. 5287)  
389.142 (H.B. 5288)  
129.91 (H.B. 5289)

Legislative Analyst: Suzanne Lowe

**FISCAL IMPACT**

The bills would have an indeterminate, and likely minimal, impact on school districts, ISDs, community college districts, and public corporations. The bills would expand the number and types of financial institutions in which such an entity may invest its funds. Any impact

would depend on the relative costs and returns associated with institutions selected as a result of the bills compared to those that would be selected absent the bills.

In addition, House Bill 5287 (S-1) would have a fiscal impact by exempting from taxation property occupied by a charter school. Any reduction in revenue from mills levied for school operating purposes by local schools would require increased expenditures from the School Aid Fund if per-pupil funding guarantees were to be maintained.

Date Completed: 5-16-12

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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.