

SFA

BILL ANALYSIS

RECEIVED

JUN 24 1988

Senate Fiscal Agency

• Lansing, Michigan 48909

• (517) 373-5383

Mich. State Law Library

Senate Bill 879

Sponsor: Senator Harmon Cropsey

Committee: Local Government and Veterans

Date Completed: 5-31-88

SUMMARY OF SENATE BILL 879 as introduced 5-24-88:

The bill would amend Public Act 20 of 1943, which concerns the investment of surplus funds of political subdivisions, to allow a "governing body", by resolution, to authorize its treasurer or chief fiscal officer to deposit funds received under an "eligible deferred compensation plan" in a "financial institution" authorized by law to do business in the State, or with an authorized deferred compensation agent appointed by the governing body.

The treasurer or chief fiscal officer could place funds, accumulated under an eligible deferred compensation plan, with a financial institution or with a State or Federally licensed investment company or insurance company, all of which were authorized to do business in the State. Those funds would have to be invested by the financial institution, insurance company, or investment company as directed by the governing body. The investment of these funds would have to be in the manner and for the purposes described in Section 457 of the Federal Internal Revenue Code (which governs investments of state and local governments' deferred compensation plans).

The bill specifies that investment of funds accumulated under an eligible deferred compensation plan of a governing body prior to the bill's effective date, which met the bill's requirements, would be ratified and validated.

"Eligible deferred compensation plan" would mean a deferred compensation plan established and maintained by a "governing body", which met the requirements of Section 457 of the Internal Revenue Code. "Financial institution" would mean a State or nationally chartered bank, as well as a State or Federally chartered savings bank, savings and loan association, or credit union, which was insured by an agency or instrumentality of the Federal government. "Governing body" would mean the legislative or governing body of a county, city, village, township, or special assessment district, or an agency, board, or commission of a county, city, village, or township.

Proposed MCL 129.94

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: G. Olson

8788 S879SA:S8788

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.