

SENATE BILL No. 879

May 24, 1988, Introduced by Senators CROSEY, BARCIA, MACK, SCHWARZ, SHINKLE, POSTHUMUS, V. SMITH, DI NELLO, CRUCE, BINSFELD, ARTHURHULTZ, ENGLER, EHLERS, WELBORN, DILLINGHAM, GAST and SMITH and referred to the Committee on Local Government and Veterans.

A bill to amend the title of Act No. 20 of the Public Acts
of 1943, entitled

"An act relative to the investment of surplus funds of political subdivisions of the state; and to validate investments heretofore made,"

as amended, being sections 129.91 to 129.93 of the Michigan
Compiled Laws; and to add section 4.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. The title of Act No. 20 of the Public Acts of
2 1943, as amended, being sections 129.91 to 129.93 of the Michigan
3 Compiled Laws, is amended and section 4 is added to read as
4 follows:

TITLE

6 An act relative to the investment of surplus funds of
7 political subdivisions of the state; and to validate CERTAIN
8 investments. ~~heretofore made.~~

1 SEC. 4. (1) AS USED IN THIS SECTION:

2 (A) "ELIGIBLE DEFERRED COMPENSATION PLAN" MEANS A DEFERRED
3 COMPENSATION PLAN ESTABLISHED AND MAINTAINED BY A GOVERNING BODY,
4 WHICH PLAN MEETS THE REQUIREMENTS OF SECTION 457 OF THE INTERNAL
5 REVENUE CODE.

6 (B) "FINANCIAL INSTITUTION" MEANS A STATE OR NATIONALLY
7 CHARTERED BANK, A STATE OR FEDERALLY CHARTERED SAVINGS BANK, A
8 STATE OR FEDERALLY CHARTERED SAVINGS AND LOAN ASSOCIATION, OR A
9 STATE OR FEDERALLY CHARTERED CREDIT UNION, WHICH FINANCIAL INSTI-
10 TUTION IS INSURED BY AN AGENCY OR INSTRUMENTALITY OF THE FEDERAL
11 GOVERNMENT.

12 (C) "GOVERNING BODY" MEANS THE LEGISLATIVE OR GOVERNING BODY
13 OF A COUNTY, CITY, VILLAGE, TOWNSHIP, OR SPECIAL ASSESSMENT DIS-
14 TRICT, OR AN AGENCY, BOARD, OR COMMISSION OF A COUNTY, CITY, VIL-
15 LAGE, OR TOWNSHIP.

16 (2) THE GOVERNING BODY, BY RESOLUTION, MAY AUTHORIZE ITS
17 TREASURER OR CHIEF FISCAL OFFICER TO DEPOSIT FUNDS RECEIVED UNDER
18 AN ELIGIBLE DEFERRED COMPENSATION PLAN IN A FINANCIAL INSTITUTION
19 AUTHORIZED BY LAW TO DO BUSINESS IN THIS STATE OR WITH AN AUTHO-
20 RIZED DEFERRED COMPENSATION AGENT APPOINTED BY THE GOVERNING
21 BODY. NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, THE TREA-
22 SURER OR CHIEF FISCAL OFFICER, AS AUTHORIZED BY RESOLUTION OF THE
23 GOVERNING BODY, MAY PLACE FUNDS ACCUMULATED UNDER AN ELIGIBLE
24 DEFERRED COMPENSATION PLAN WITH A FINANCIAL INSTITUTION AUTHO-
25 RIZED TO DO BUSINESS IN THIS STATE OR WITH A STATE OR FEDERALLY
26 LICENSED INVESTMENT COMPANY OR INSURANCE COMPANY AUTHORIZED TO DO
27 BUSINESS IN THIS STATE, WHICH FUNDS SHALL BE INVESTED BY THE

1 FINANCIAL INSTITUTION, INSURANCE COMPANY, OR INVESTMENT COMPANY
2 AS DIRECTED BY THE GOVERNING BODY. THE INVESTMENT OF ELIGIBLE
3 DEFERRED COMPENSATION PLAN FUNDS SHALL BE IN THE MANNER AND FOR
4 THE PURPOSES DESCRIBED IN SECTION 457 OF THE INTERNAL REVENUE
5 CODE.

6 (3) THE INVESTMENT OF FUNDS ACCUMULATED UNDER AN ELIGIBLE
7 DEFERRED COMPENSATION PLAN OF A GOVERNING BODY PRIOR TO THE
8 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION,
9 WHICH INVESTMENTS OTHERWISE MEET THE REQUIREMENTS OF THIS SEC-
10 TION, ARE RATIFIED AND VALIDATED.