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Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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House Bill 4610 (Substitute S-1 as reported)  
Sponsor: Representative Michael Nye  
House Committee: Commerce  
Senate Committee: Financial Services

### **CONTENT**

The bill would amend Public Act 40 of the First Extra Session of 1932, which provides for the designation of depositories for public money, to allow a county board of commissioners, a county board of auditors, a township board, a district board, a board of education, or the legislative body of a city or village to provide by resolution for the designation and deposit of public money, including tax money, into one or more "financial institutions". Currently, the Act allows the boards to provide by resolution for the deposit of public money, including tax money, into one or more banks, savings and loan associations, or credit unions having their principal office in Michigan.

Under the bill, "financial institution" would mean a state- or nationally chartered bank or a state- or Federally chartered savings and loan association, savings bank, or credit union whose deposits were insured by an agency of the United States government and, except as provided below, that maintained a principal office or branch office in this State under Michigan or U.S. laws. The bill specifies that a governmental unit covered by the Act could designate and deposit public money, including tax money, in one or more financial institutions that did not maintain a principal office or branch office in Michigan if the governmental unit bordered another state; the financial institution maintained a principal office or branch office in the border state under Michigan or U.S. laws; and there were no principal office or branch office of a state- or nationally chartered bank or a state- or Federally chartered savings and loan association, savings bank, or credit union whose deposits were insured by an agency of the U.S. government that maintained a principal office or a branch office in the governmental unit.

The bill also specifies the assets that would be acceptable for pledging to secure deposits of public funds. Those would include assets considered acceptable to the State Treasurer, under Public Act 105 of 1855, to secure deposits of State surplus funds; securities issued by the Federal Home Loan Mortgage Corporation; securities issued by the Federal National Mortgage Association; securities issued by the Government National Mortgage Association; and other securities considered acceptable to the county and the financial institution.

MCL 129.12 et al.

Legislative Analyst: P. Affholter

### **FISCAL IMPACT**

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

Date Completed: 5-27-97

Fiscal Analyst: M. Tyszkiewicz

[floor/hb4610](#)

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.