

SENATE BILL No. 472

May 15, 2001, Introduced by Senator JOHNSON and referred to the Committee on Appropriations.

A bill to amend 1982 PA 249, entitled

"An act to establish the state children's trust fund in the department of treasury; and to provide certain powers and duties of the department of treasury with respect to the trust fund,"

by amending section 1 (MCL 21.171), as amended by 2000 PA 72.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. (1) The children's trust fund is created as a sepa-
2 rate fund in the department of treasury. The fund shall be
3 expended only as provided in this section.

4 (2) The state treasurer shall credit to the trust fund all
5 amounts appropriated for this purpose under section 475 of the
6 income tax act of 1967, 1967 PA 281, MCL 206.475, any amounts
7 received under section 811j of the Michigan vehicle code, 1949
8 PA 300, MCL 257.811j, and section 8 of the child abuse and
9 neglect prevention act, 1982 PA 250, MCL 722.608, and any amounts

1 received from civil fines imposed under the playground equipment
2 safety act, 1997 PA 16, MCL 408.681 to 408.687.

3 (3) The state treasurer shall invest trust fund money ~~in~~
4 ~~the same manner as surplus funds are invested pursuant to section~~
5 ~~3 of 1855 PA 105, MCL 21.143~~ AS PROVIDED IN SUBSECTION (6).
6 ~~Earnings shall be credited to the trust fund.~~

7 (4) Until the total amount of assets in the trust fund
8 exceeds \$20,000,000.00, not more than 1/2 of the money contrib-
9 uted to the trust fund each year, plus the earnings credited to
10 the trust fund during the previous fiscal year, shall be avail-
11 able for disbursement upon the authorization of the state board
12 as provided in section 9 of the child abuse and neglect preven-
13 tion act, 1982 PA 250, MCL 722.609. If the state treasurer cer-
14 tifies that the assets in the trust fund exceed \$20,000,000.00,
15 only the earnings credited to the trust fund shall be available
16 for disbursement upon the authorization of the state board as
17 provided in section 9 of the child abuse and neglect prevention
18 act, 1982 PA 250, MCL 722.609.

19 (5) Funds granted or funds received as gifts or donations to
20 the children's trust fund shall be available for disbursement
21 upon appropriation under section 8 of the child abuse and neglect
22 prevention act, 1982 PA 250, MCL 722.608, and funds authorized
23 for expenditure shall not be considered assets for the purposes
24 of subsection (4).

25 (6) THE STATE TREASURER SHALL INVEST TRUST FUND MONEY ONLY
26 IN 1 OR MORE OF THE FOLLOWING:

1 (A) DIRECT OBLIGATIONS OF THE UNITED STATES OR OBLIGATIONS
2 THAT ARE GUARANTEED AS TO PRINCIPAL AND INTEREST BY THE UNITED
3 STATES.

4 (B) BONDS OR OTHER OBLIGATIONS OF ANY STATE OF THE UNITED
5 STATES, OR ANY LOCAL GOVERNMENTAL UNIT OF ANY STATE OF THE UNITED
6 STATES, IF THE OBLIGATIONS ARE RATED IN 1 OF THE TOP 4 RATING
7 CATEGORIES AS DETERMINED BY A NATIONAL RATING SERVICE AS DETER-
8 MINED BY THE STATE TREASURER.

9 (C) BONDS, DEBENTURES, OR OTHER EVIDENCE OF INDEBTEDNESS,
10 ISSUED OR GUARANTEED BY THE FEDERAL FINANCING BANK, FEDERAL HOME
11 LOAN BANK, EXPORT IMPORT BANK, FEDERAL NATIONAL MORTGAGE ASSOCIA-
12 TION OF GOVERNMENT NATIONAL MORTGAGE ASSOCIATION.

13 (D) CORPORATE DEBT OBLIGATIONS IF THE OBLIGATIONS ARE RATED
14 IN 1 OF THE TOP 4 RATING CATEGORIES AS DETERMINED BY A NATIONAL
15 RATING SERVICE AS DETERMINED BY THE STATE TREASURER.

16 (E) BANKER'S ACCEPTANCES, COMMERCIAL ACCOUNTS, OR CERTIFI-
17 CATES OF DEPOSIT OF A BANK, TRUST COMPANY, SAVINGS AND LOAN ASSO-
18 CIATION, OR A CREDIT UNION.

19 (F) COMMERCIAL PAPER RATED AT THE TIME OF PURCHASE WITHIN 1
20 OF THE 2 HIGHEST RATING CATEGORIES ESTABLISHED BY A NATIONAL
21 RATING SERVICE AS DETERMINED BY THE STATE TREASURER, AND WHICH
22 MATURES WITHIN 270 DAYS AFTER THE DATE OF ISSUE.

23 (G) CAPITAL STOCK, COMMON STOCK, PREFERRED STOCK, AMERICAN
24 DEPOSITORY RECEIPTS, OR ANY OTHER EVIDENCE OF RESIDUAL OWNERSHIP
25 OF A CORPORATION. NOT MORE THAN 5% OF THE ASSETS OF THE FUND MAY
26 BE INVESTED IN THE OUTSTANDING STOCK OF ANY 1 CORPORATION. ALSO,
27 NOT MORE THAN 5% OF THE OUTSTANDING STOCK OF ANY 1 CORPORATION

1 MAY BE PURCHASED WITH THE ASSETS OF THE FUND. THE STOCK SHALL BE
2 REGISTERED ON A NATIONAL SECURITIES EXCHANGE OR ON THE NATIONAL
3 ASSOCIATION OF SECURITIES DEALERS AUTOMATED QUOTATION SYSTEM.

4 (7) THE ASSETS OF THE FUND MAY BE POOLED FOR INVESTMENT PUR-
5 POSES WITH INVESTMENTS OF THIS STATE, BUT THE DEPARTMENT OF TREA-
6 SURY SHALL MAINTAIN DISTINCT ACCOUNTING RECORDS OF THE ASSETS OF
7 THE FUND POOLED FOR INVESTMENT UNDER THIS SUBSECTION.

8 (8) AS USED IN THIS SECTION, "EARNINGS" MEANS THE DIFFERENCE
9 BETWEEN THE BEGINNING BALANCE AND ANY PERIODIC CAPITAL ADDITIONS,
10 BOTH COMPOUNDED AT A RATE EQUAL TO THE MONTHLY CONSUMER PRICE
11 INDEX FACTOR AS DETERMINED BY THE STATE TREASURER AND THE ACTUAL
12 ENDING BALANCE AT THE DISTRIBUTION DATE.