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Senate Bill 658 (as introduced 7-26-07)
Sponsor: Senator Michelle A. McManus
Committee: Local, Urban and State Affairs

Date Completed: 10-15-07

CONTENT

The bill would amend Public Act 20 of 1943, which pertains to the investment of surplus funds of political subdivisions, to authorize the governing body of a public corporation that had a long-term or perpetual trust fund consisting of money and royalties derived from oil and gas exploration on property or mineral rights owned by the public corporation, by resolution to provide its investment officer with the same authority to invest the assets of the long-term or perpetual trust fund as is granted an investment fiduciary under the Public Employee Retirement System Investment Act. The bill would apply notwithstanding any law or charter provision to the contrary.

(Under the Public Employee Retirement System Investment Act, an investment fiduciary may invest, reinvest, hold in nominee form, and manage the assets of a public employee retirement system, subject to the terms, conditions and limitations of the Act. An investment fiduciary may invest in any of the following under certain conditions:

- Stock.
- Investment companies registered under the Federal Investment Company Act.
- Annuity investment contracts or participations in separate real estate, mortgage, bond, stock, or other special investment accounts of a life insurance company authorized to do business in the State.
- Obligations issued, assumed, or guaranteed by a solvent entity created or existing under the laws of the United States or of any state, district, or territory of the United States, that are not in default as to principal or interest.
- Obligations secured by a security interest in real or personal property and a lease obligation given by solvent entity whose obligations would be qualified investments under Public Act 20.
- Real estate or mortgages on real property leased or to be leased to the United States government, or to a state, territory, agency, authority, or public instrumentality of the United States.
- Publicly or privately issued real estate investment trusts or in real or personal property.
- Loans secured by first liens upon improved or income bearing rental property, first mortgages or deeds of trust on leasehold estates, and first mortgages of real property.
- Foreign securities.)

Proposed MCL 129.97

Legislative Analyst: Craig Laurie

FISCAL IMPACT

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

Fiscal Analyst: David Zin

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