



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 411 (Substitute S-1 as reported)  
Senate Bill 412 (as reported without amendment)  
Sponsor: Senator Michael Switalski (S.B. 411)  
          Senator Wayne Kuipers (S.B. 412)  
Committee: Judiciary

**CONTENT**

Senate Bill 411 (S-1) would enact the "Uniform Prudent Management of Institutional Funds Act" to do all of the following:

- Require an institution managing and investing an institutional fund to consider the institution's charitable purposes and the purposes of the fund.
- Establish a good faith and prudent person standard for each person responsible for managing and investing an institutional fund.
- Specify factors that would have to be considered, and rules that would apply, in the management and investment of an institutional fund.
- Allow an institution to appropriate for expenditure or accumulate amounts of an endowment fund that were prudent for its uses, benefits, purposes, and duration.
- Require an institution to consider specific factors in determining to appropriate or accumulate amounts in an endowment fund.
- Specify circumstances under which an institution could delegate the management and investment of an institution fund to an external agent.
- Specify conditions under which an institution could release or modify a restriction contained in a gift instrument on the management, investment, or purpose of an institutional fund.
- Require the Attorney General to be notified and given an opportunity to be heard on the matter of releasing or modifying a restriction in a gift instrument.
- Outline provisions regarding compliance with, and the scope of, the Act.

Under the proposed Act, "institution" would mean any of the following:

- A person, other than an individual, organized and operated exclusively for charitable purposes.
- A government or governmental subdivision, agency, or instrumentality, to the extent that it holds funds exclusively for a charitable purpose.
- A trust that had both charitable and noncharitable interest, after all noncharitable interest have terminated.

"Institutional fund" would mean a fund held by an institution exclusively for charitable purposes. "Charitable purpose" would mean the relief of poverty, the advancement of education or religion, the promotion of health, the promotion of a governmental purpose, or any other purpose whose achievement is beneficial to the community.

The bill also would repeal the Uniform Management of Institutional Funds Act.

Senate Bill 412 would amend the Nonprofit Corporation Act to refer to the proposed Uniform Prudent Management of Institutions Funds Act rather than the current Uniform Management of Institutional Funds Act.

Senate Bill 412 is tie-barred to Senate Bill 411.

MCL 450.2124 et al. (S.B. 412)

Legislative Analyst: Patrick Affholter

**FISCAL IMPACT**

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

Date Completed: 4-1-09

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