



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 303 (as reported without amendment)
Sponsor: Senator Marty Knollenberg
Committee: Regulatory Reform

CONTENT

The bill would amend Public Act 215 of 1937 to allow a municipality's legislative body to invest in mutual funds using money in a perpetual care and maintenance fund of a cemetery owned or controlled by that municipality.

The Act authorizes the legislative body of a municipality that owns or controls a cemetery or burial lot to provide for its perpetual care and maintenance upon payment by the owner of the lot or another person, with the understanding that it may bind itself to perpetually care for and maintain the lot. The Act also authorizes a municipality to establish an endowment and care fund for a municipally owned cemetery as part of an agreement with a community foundation.

The bill would allow a municipality's legislative body to invest in mutual funds consisting of fixed income securities, equity securities, or both, using money deposited in a perpetual care and maintenance fund, if the following requirements were met:

- The equity position of the perpetual care and maintenance fund did not exceed 60% of the perpetual care and maintenance fund balance.
- Each mutual fund was rated in the top two of five or more tiers by Morningstar, Inc. or another nationally recognized mutual fund rating agency.

The bill would not prohibit any other investments that may be authorized by law

The bill would take effect 90 days after it was enacted.

MCL 128.1

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on a municipality with a perpetual care and maintenance fund for a municipal cemetery. The impact would depend on the decision of a municipality to invest a portion of the fund balance in mutual funds under the authority provided by the bill, the size of the investment, and the performance of the mutual funds. The bill would have no fiscal impact on State government.

Date Completed: 10-1-15

Fiscal Analyst: Elizabeth Pratt

Cemetery