

SURPLUS FUNDS IN TREASURY (EXCERPT)
Act 105 of 1855

21.143 Financial institution as depository of surplus funds; compliance; location of principal office; security; rate of return; investment and use of surplus funds; disposition of earnings from loans; loss of principal or interest; reduction of earnings; investment in securities of no-load open-end or closed-end management type investment company or investment trust.

Sec. 3. (1) A financial institution shall not be a depository of surplus funds of the state unless the financial institution complies with this act. The state treasurer shall require of a financial institution, before it is made a depository of surplus funds of the state, good and ample security as approved by the state treasurer and the attorney general for the safekeeping and reimbursement of the surplus funds and the payment of the rate of return as the state treasurer, in the treasurer's discretion, considers best for the interest of the state.

(2) The state treasurer may invest surplus funds of the state in the bonds, notes, and other evidences of indebtedness of the United States government and its agencies, in prime commercial paper, and may also use surplus funds in the manner provided in sections 2, 2a, 2b, and 2d and may use each fiscal year not more than that amount of the surplus funds necessary to make loans to municipalities under section 1.

(3) All earnings from loans made under section 1 in excess of the average rate of interest earned on other surplus funds during the same period shall be credited to the general fund of the state. Any loss of principal or interest sustained from loans made under section 1 shall reduce the earnings of the general fund on an amortized basis over the remaining term of the loan.

(4) The investment of surplus state funds in bonds, notes, and other evidences of indebtedness of the United States government and its agencies as provided in subsection (1) may include securities of, or other interests in, a no-load open-end or closed-end management type investment company or investment trust registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, if both of the following are true:

(a) The portfolio of the investment company or investment trust is limited to United States government obligations and repurchase agreements fully collateralized by United States government obligations.

(b) The investment company or investment trust takes delivery of the collateral for any repurchase agreement either directly or through an authorized custodian.

History: 1855, Act 105, Eff. May 15, 1855;—CL 1857, 274;—Am. 1863, Act 200, Eff. June 22, 1863;—CL 1871, 353;—How. 398;—CL 1897, 1189;—CL 1915, 289;—CL 1929, 348;—Am. 1933, Act 15, Imd. Eff. Feb. 27, 1933;—CL 1948, 21.143;—Am. 1967, Act 102, Imd. Eff. June 21, 1967;—Am. 1979, Act 88, Imd. Eff. Aug. 1, 1979;—Am. 1980, Act 30, Imd. Eff. Mar. 8, 1980;—Am. 1980, Act 323, Imd. Eff. Dec. 15, 1980;—Am. 1985, Act 12, Imd. Eff. May 1, 1985;—Am. 1987, Act 118, Eff. Oct. 1, 1987;—Am. 1987, Act 284, Eff. Apr. 11, 1988;—Am. 1990, Act 8, Imd. Eff. Feb. 16, 1990;—Am. 1997, Act 32, Imd. Eff. June 19, 1997;—Am. 2000, Act 280, Imd. Eff. July 10, 2000.