

SENATE BILL NO. 147

January 27, 1999, Introduced by Senators GAST, MC MANUS, STILLE
and VAN REGENMORTER and referred to the Committee on
Appropriations.

A bill to denominate, and prescribe certain aspects of,
public interest trusts; to prescribe the manner of appropriating
public interest trust money; and to prescribe powers and duties
of certain state officers and employees.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. (1) This act shall be known and may be cited as the
2 "public interest trusts act".

3 (2) As used in this act:

4 (a) "Board" means a public interest trust board of
5 directors.

6 (b) "Budget act" means the management and budget act, 1984
7 PA 431, MCL 18.1101 to 18.1594.

8 (c) "Person" means an individual, partnership, corporation,
9 association, governmental entity, or other legal entity.

1 (d) "Proceeds from a lawsuit settlement" means that term as
2 described in section 33(2) and (3) of 1846 RS 12, MCL 14.33.

3 (e) "Public interest trust" means a trust created and
4 described by section 2.

5 (f) "State operating fund" means that term as defined and
6 used in the budget act.

7 Sec. 2. (1) A public interest trust is created when money
8 is held or acquired in a manner described by 1 or more of the
9 following:

10 (a) Money held by a legal entity that is established as a
11 trust by agreement between this state and another person, which
12 agreement partially or completely resolves civil or criminal
13 litigation involving the person and the state, or partially or
14 completely resolves an issue regarding the person's compliance
15 with a federal, state, or local law or regulation.

16 (b) Money held by an entity whose bylaws or articles of
17 incorporation include a provision that 1 or more of the legal
18 entity's governing positions are held by an official of this
19 state, ex officio and representing the state's interests.

20 (c) Money that is proceeds from a lawsuit settlement.

21 (2) The state treasurer shall place the money of each public
22 interest trust in a discrete account, each of which the state
23 treasurer shall account for separately and each of which shall be
24 named "_____ public interest trust".

25 Sec. 3. (1) The governor shall appoint a separate board of
26 directors for each public interest trust, with the advice and
27 consent of the senate.

1 (2) The agreement, bylaws or articles of incorporation, or
2 lawsuit settlement that results in the creation of the public
3 interest trust may specify its board's number and terms. If the
4 agreement, bylaws or articles of incorporation, or lawsuit set-
5 tlement that results in the creation of the public interest trust
6 does not include these provisions, a board shall have 7 members,
7 each of whom has a 2-year term, except that 4 of the initially
8 appointed members have a 3-year term.

9 (3) In consultation with the board, the state treasurer
10 shall direct the investment of a public interest trust and shall
11 credit interest and earnings of the trust to the trust. For the
12 purpose of investment, the state treasurer may combine public
13 interest trust money with the other public interest trust money
14 or other state money.

15 Sec. 4. (1) Public interest trust money shall not be
16 expended except by appropriation as provided in this act or, if
17 the board so determines, under the budget act. If the agreement,
18 bylaws or articles of incorporation, or lawsuit settlement that
19 results in the creation of a public interest trust specifies that
20 money in the public interest trust shall be expended only for a
21 specific purpose, the money shall only be appropriated for that
22 purpose.

23 (2) As determined by the board, all or a portion of the
24 money from a public interest trust may be expended under this act
25 or all or a portion may be expended under the budget act, or
26 both. For the purpose of appropriations under the budget act, a
27 public interest trust is a state operating fund.

1 Sec. 5. (1) If the board decides to propose appropriation
2 of public interest trust money under this act, the board shall
3 submit to the legislature in January the proposed project or
4 projects, accompanied by the cost for each project, for which the
5 board determines that the public interest trust money should be
6 expended. The board may prioritize the projects and may include
7 an explanation of the reasons for the priorities. The legisla-
8 ture shall approve or disapprove by law 1 or more of the board's
9 proposed projects.

10 (2) If the board determines that public interest trust money
11 is to be expended under the budget act, the board shall notify
12 the state treasurer who shall transfer the money to be expended
13 under the budget act's appropriation process to the state
14 treasury.

15 (3) Whether expended under this act, the budget act, or
16 both, the total recommendations for expenditures from a public
17 interest trust shall not exceed the estimated beginning balance
18 of the trust plus the trust's estimated revenue.

19 Sec. 6. (1) This act applies to a public interest trust
20 that is created before, on, or after the effective date of this
21 act.

22 (2) A public interest trust is subject to both of the
23 following:

24 (a) The open meetings act, 1976 PA 267, MCL 15.261 to
25 15.275.

26 (b) Audit by the auditor general or the department of
27 treasury, or both.