



HOUSE BILL No. 4937

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July 13, 1993, Introduced by Reps. Dobb, Gilmer, Crissman, Bullard, Walberg, Jaye, Goschka, Dalman, Middleton, Horton, Kukuk, McManus, Voorhees, Jamian, Jersevic, Bender, Gernaat, Shugars, Galloway, McBryde, Stille, London, Sikkema and Nye and referred to the Committee on Appropriations.

A bill to require certain public employees hired by certain political subdivisions of this state to be participants of a defined contribution plan; to close all pension and retirement plans of political subdivisions of this state to certain employees hired after a certain date by those political subdivisions; to prohibit political subdivisions of this state from enacting or enforcing any law, ordinance, or rule pertaining to matters under this act; to prescribe the powers and duties of certain public officials and public employees; and to prescribe penalties and provide remedies.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. (1) This act shall be known and may be cited as the  
2 "political subdivision pension and retirement plan closure act".

3       (2) This act does not diminish or impair a benefit accrued  
4 or accruing to a member of any public employee retirement system

1 established by a political subdivision and in existence on  
2 December 31, 1993.

3 Sec. 2. As used in this act:

4 (a) "Defined contribution plan" means a pension plan that  
5 provides for an individual account or accounts for each partici-  
6 pant and for benefits for that participant based solely upon the  
7 amount remaining in the individual account or accounts at separa-  
8 tion, as provided in the defined contribution plan.

9 (b) "Michigan public employee defined contribution plan"  
10 means the plan created by the Michigan public employee defined  
11 contribution plan act.

12 (c) "Political subdivision" means all of the following:

13 (i) A public entity created under authority of state or  
14 local law, charter, or ordinance including but not limited to a  
15 county, county road commission, city, township, village, public  
16 corporation, board, authority, agency, instrumentality,  
17 quasi-corporation, or a combination of these entities, if the  
18 public entity provides pension or retirement benefits pursuant to  
19 that authority.

20 (ii) A university described in section 4, 5, or 6 of article  
21 VIII of the state constitution of 1963.

22 (iii) A community or junior college established pursuant to  
23 section 7 of article VIII of the state constitution of 1963.

24 Sec. 3. A political subdivision shall close to new member-  
25 ship a pension or retirement plan of the political subdivision  
26 effective 12 midnight December 31, 1993, unless the pension or  
27 retirement plan is a defined contribution plan.

1       Sec. 4. If a political subdivision provides any pension or  
2 retirement system for any classifications of its employees whose  
3 effective date of employment is on or after January 1, 1994, an  
4 employee of the political subdivision who is eligible to partici-  
5 pate in the pension or retirement system as established by the  
6 political subdivision and whose effective date of employment is  
7 on or after January 1, 1994, except as otherwise provided in this  
8 act, shall become a participant of a defined contribution plan or  
9 plans established by the political subdivision pursuant to this  
10 act or the Michigan public employee defined contribution plan.

11       Sec. 5. The rights of an employee of a political subdivi-  
12 sion whose effective date of employment by the political subdivi-  
13 sion is on or after 12:01 a.m. January 1, 1994 to a pension or  
14 retirement benefit shall be as provided in a defined contribution  
15 plan or plans established by the political subdivision or the  
16 Michigan public employee defined contribution plan. The rights  
17 and obligations of the political subdivision shall be as provided  
18 in a defined contribution plan or plans established by the polit-  
19 ical subdivision or the Michigan public employee defined contri-  
20 bution plan.

21       Sec. 6. This act does not apply to a person who is employed  
22 by a political subdivision as a police officer or fire fighter  
23 and who is subject to compulsory arbitration of labor disputes  
24 pursuant to Act No. 312 of the Public Acts of 1969, being sec-  
25 tions 423.231 to 423.247 of the Michigan Compiled Laws. A matter  
26 relating to retirement benefits for police officers and fire  
27 fighters who are subject to compulsory arbitration pursuant to

1 Act No. 312 of the Public Acts of 1969 shall remain a mandatory  
2 subject of bargaining under Act No. 336 of the Public Acts of  
3 1947, being sections 423.201 to 423.216 of the Michigan Compiled  
4 Laws.

5       Sec. 7. For employees whose effective date of employment is  
6 on or after January 1, 1994, a political subdivision shall not  
7 provide or pay for a postretirement, ancillary, or subordinate  
8 benefit including but not limited to hospital, medical-surgical,  
9 sick care, dental, vision, hearing, and other health benefits  
10 unless authorized within the provisions of a defined contribution  
11 plan or plans established by the political subdivision under this  
12 act or the Michigan public employee defined contribution plan.

13       Sec. 8. A political subdivision shall not enact or enforce  
14 any law, charter, or ordinance that regulates, or intends to reg-  
15 ulate, any matter covered by this act. Except as otherwise pro-  
16 vided in section 6, the provisions of a collective bargaining  
17 agreement entered into pursuant to Act No. 336 of the Public Acts  
18 of 1947, being section 423.201 to 423.216 of the Michigan  
19 Compiled Laws, shall not alter, amend, modify, supersede, or in  
20 any other manner affect the provisions of this act. A collective  
21 bargaining agreement entered into under Act No. 336 of the Public  
22 Acts of 1947 may establish or affect, or both, the terms of a  
23 defined contribution plan established by a political subdivision  
24 pursuant to this act.

25       Sec. 9. If any section or part of a section of this act is  
26 for any reason held to be invalid or unconstitutional, the

1 holding shall not be construed to affect the validity of the  
2 remaining sections of this act or the act in its entirety.