



SENATE BILL No. 1056

March 8, 1994, Introduced by Senators CARL and WELBORN
and referred to the Committee on Labor

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 (1) 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 (11) A university described in section 4 5 or 6 of article
21 VIII of the state constitution of 1963

22 (111) 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

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