

SENATE BILL NO. 166

March 09, 2023, Introduced by Senators MCDONALD RIVET, CHERRY, SHINK, MCMORROW, WOJNO, IRWIN and CHANG and referred to the Committee on Labor.

A bill to amend 1943 PA 240, entitled "State employees' retirement act," by amending section 55 (MCL 38.55), as amended by 2011 PA 264, and by adding sections 50b, 50c, 50d, 64a, 64b, and 64c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 50b. (1) Subject to subsection (4), the retirement system
2 shall provide an opportunity for each eligible position qualified
3 participant on October 1, 2024 to elect in writing to terminate

1 being a qualified participant and elect to become a member of the
2 Michigan state police retirement system created under the state
3 police retirement act of 1986, 1986 PA 182, MCL 38.1601 to 38.1674.
4 An election made by an eligible position qualified participant
5 under this subsection is irrevocable. The retirement system shall
6 accept written elections under this subsection from eligible
7 position qualified participants beginning on January 1, 2024 and
8 ending at 5 p.m. Eastern Daylight Saving Time, June 1, 2024. An
9 eligible position qualified participant who does not make a written
10 election or who does not file the election during the period
11 specified in this subsection continues to be a qualified
12 participant. An eligible position qualified participant who makes
13 and files a written election under this subsection elects to do
14 both of the following:

15 (a) Cease to be a qualified participant effective 11:59 p.m.
16 Eastern Daylight Saving Time, May 31, 2025.

17 (b) Become a member of the Michigan state police retirement
18 system created under the state police retirement act of 1986, 1986
19 PA 182, MCL 38.1601 to 38.1674.

20 (2) After consultation with the retirement board, the
21 department of technology, management, and budget shall determine
22 the method by which an eligible position qualified participant may
23 make a written election under this section. If the eligible
24 position qualified participant is married at the time of the
25 election, the election is not effective unless the election is
26 signed by the individual's spouse. However, the retirement board
27 may waive this requirement if the spouse's signature cannot be
28 obtained because of extenuating circumstances.

29 (3) An election under this section is subject to the eligible

1 domestic relations order act, 1991 PA 46, MCL 38.1701 to 38.1711.

2 (4) An eligible position qualified participant that is
3 described in section 55(2) (b) or (d) is not eligible to make an
4 election under this section.

5 (5) As used in this section:

6 (a) "Eligible position" means a position in the classified
7 civil service with a classification of any of the following:

8 (i) A position described in section 45(a) (i) or (iv) .

9 (ii) Corrections resident representative.

10 (iii) Corrections transportation officer.

11 (iv) Special alternative incarceration officer.

12 (b) "Eligible position qualified participant" means a
13 qualified participant who is employed in an eligible position.

14 Sec. 50c. (1) Subject to subsection (4), the retirement system
15 shall provide an opportunity for each conservation officer
16 qualified participant on October 1, 2024 to elect in writing to
17 terminate being a qualified participant and elect to become a
18 member of the Michigan state police retirement system created under
19 the state police retirement act of 1986, 1986 PA 182, MCL 38.1601
20 to 38.1674. An election made by a conservation officer qualified
21 participant under this subsection is irrevocable. The retirement
22 system shall accept written elections under this subsection from
23 conservation officer qualified participants beginning on January 1,
24 2024 and ending at 5 p.m. Eastern Daylight Saving Time, June 1,
25 2024. A conservation officer qualified participant who does not
26 make a written election or who does not file the election during
27 the period specified in this subsection continues to be a qualified
28 participant. A conservation officer qualified participant who makes
29 and files a written election under this subsection elects to do all

1 of the following:

2 (a) Cease to be a qualified participant effective 11:59 p.m.
3 Eastern Daylight Saving Time, May 31, 2025.

4 (b) Become a member of the Michigan state police retirement
5 system created under the state police retirement act of 1986, 1986
6 PA 182, MCL 38.1601 to 38.1674.

7 (2) After consultation with the retirement board, the
8 department of technology, management, and budget shall determine
9 the method by which a conservation officer qualified participant
10 may make a written election under this section. If the conservation
11 officer qualified participant is married at the time of the
12 election, the election is not effective unless the election is
13 signed by the individual's spouse. However, the retirement board
14 may waive this requirement if the spouse's signature cannot be
15 obtained because of extenuating circumstances.

16 (3) An election under this section is subject to the eligible
17 domestic relations order act, 1991 PA 46, MCL 38.1701 to 38.1711.

18 (4) A conservation officer qualified participant that is
19 described in section 55(2)(b) or (d) is not eligible to make an
20 election under this section.

21 (5) As used in this section:

22 (a) "Conservation officer" means that term as defined in
23 section 1b.

24 (b) "Conservation officer qualified participant" means a
25 qualified participant who is a conservation officer, other than a
26 conservation officer described in section 48.

27 Sec. 50d. (1) Subject to subsection (4), the retirement system
28 shall provide an opportunity for each state police qualified
29 participant on October 1, 2024 to elect in writing to terminate

1 being a qualified participant and elect to become a member of the
2 Michigan state police retirement system created under the state
3 police retirement act of 1986, 1986 PA 182, MCL 38.1601 to 38.1674.
4 An election made by a state police qualified participant under this
5 subsection is irrevocable. The retirement system shall accept
6 written elections under this subsection from state police qualified
7 participants beginning on January 1, 2024 and ending at 5 p.m.
8 Eastern Daylight Saving Time, June 1, 2024. A state police
9 qualified participant who does not make a written election or who
10 does not file the election during the period specified in this
11 subsection continues to be a qualified participant. A state police
12 qualified participant who makes and files a written election under
13 this subsection elects to do both of the following:

14 (a) Cease to be a qualified participant effective 11:59 p.m.
15 Eastern Daylight Saving Time, May 31, 2025.

16 (b) Become a member of the Michigan state police retirement
17 system created under the state police retirement act of 1986, 1986
18 PA 182, MCL 38.1601 to 38.1674.

19 (2) After consultation with the retirement board, the
20 department of technology, management, and budget shall determine
21 the method by which a state police qualified participant may make a
22 written election under this section. If the state police qualified
23 participant is married at the time of the election, the election is
24 not effective unless the election is signed by the individual's
25 spouse. However, the retirement board may waive this requirement if
26 the spouse's signature cannot be obtained because of extenuating
27 circumstances.

28 (3) An election under this section is subject to the eligible
29 domestic relations order act, 1991 PA 46, MCL 38.1701 to 38.1711.

1 (4) A state police qualified participant that is described in
2 section 55(2) (b) or (d) is not eligible to make an election under
3 this section.

4 (5) As used in this section, "state police qualified
5 participant" means a qualified participant who is a state police
6 motor carrier or Michigan state police properties securities
7 officer.

8 Sec. 55. (1) "Plan document" means the document that contains
9 the provisions and procedures of Tier 2 in conformity with this act
10 and the internal revenue code.

11 (2) "Qualified participant" means an individual who is a
12 participant of Tier 2 and who meets 1 of the following
13 requirements:

14 (a) Is first employed and entered ~~upon~~**on** the payroll of his
15 or her employer on or after March 31, 1997, and who before March
16 31, 1997 would have been eligible to be a member of Tier 1.

17 (b) Elects to terminate membership in Tier 1 and elects to
18 participate in Tier 2 in the manner prescribed in section 50.

19 (c) Is an adjutant general or an assistant adjutant general
20 under the Michigan military act, 1967 PA 150, MCL 32.501 to 32.851,
21 and who is first employed as an adjutant general or assistant
22 adjutant general ~~on or after January 1, 2011.~~**December 31, 2010.**

23 (d) Was a member who did not make the election under section
24 50a.

25 (e) Was a member who made the election under section 50a(1)
26 and the designation under section 50a(2) and who has attained 30
27 years of credited service or who has terminated employment and has
28 been reemployed by this state.

29 (f) Was a member as described in section 50a(6), (7), or (8).

1 (3) "Qualified participant" does not include any of the
2 following:

3 (a) An individual employed in an eligible position, as that
4 term is defined in section 50b, to whom both of the following
5 apply:

6 (i) Elects to terminate being a qualified participant under
7 section 50b.

8 (ii) Is first employed and entered on the payroll before
9 October 1, 2024.

10 (b) An individual employed in an eligible position, as that
11 term is defined in section 50b, who is first employed and entered
12 on the payroll after September 30, 2024.

13 (c) A conservation officer as that term is defined in section
14 1b, other than a conservation officer described in section 48, to
15 whom all of the following apply:

16 (i) Elects to terminate being a qualified participant under
17 section 50c.

18 (ii) Is first employed and entered on the payroll before
19 October 1, 2021.

20 (d) A conservation officer as that term is defined in section
21 45, other than a conservation officer described in section 48, who
22 is first employed and entered on the payroll on or after October 1,
23 2024.

24 (e) A state police motor carrier or Michigan state police
25 properties securities officer to whom all of the following apply:

26 (i) Elects to terminate being a qualified participant under
27 section 50d.

28 (ii) Is first employed and entered on the payroll before
29 October 1, 2024.

1 (f) A state police motor carrier or Michigan state police
2 properties securities officer who is first employed and entered on
3 the payroll after September 30, 2024.

4 (4) ~~(3)~~—"Refund beneficiary" means an individual nominated by
5 a qualified participant or a former qualified participant under
6 section 66 to receive a distribution of the participant's
7 accumulated balance in the manner prescribed in section 67.

8 (5) ~~(4)~~—"State treasurer" means the treasurer of this state.

9 (6) ~~(5)~~—"Tax-deferred account" means an account or accounts of
10 existing deferred compensation plans or plans established by the
11 retirement system, for which the retirement system has the
12 authority to determine the membership, eligibility, terms,
13 conditions, and other administrative and operational features. Tax-
14 deferred account does not include a health reimbursement account
15 for purposes other than complying with the contribution limits
16 described in section 68b(12).

17 (7) ~~(6)~~—Except as otherwise provided in this subsection, "year
18 of service" means each period during which a qualified participant
19 is employed by the employer and is credited with 2,080 hours of
20 service. The Tier 2 plan administrator and the plan document may
21 provide for a lesser number of annual hours and a maximum number of
22 hours per pay period for any classification of employees, ~~provided~~
23 ~~that no~~ **but a** participant ~~shall~~ **may not** receive credit for more
24 than 1 year of service for any 12-month period of employment.
25 Beginning January 1, 2003, full service credit ~~shall~~ **must** also be
26 given to a participant for furlough hours, for required 1-day
27 layoffs, for required and designated temporary layoffs, for a year
28 in which a participant temporarily leaves employment to enter
29 active military duty and then dies during that active military

1 duty, and for participation in the banked leave time program. ~~In~~
2 ~~the event~~ ~~If~~ a terminated participant is reemployed, ~~such~~ ~~the~~
3 individual ~~shall~~ **must** retain credit for all full and partial years
4 of service completed ~~prior to such~~ **before the** reemployment, for
5 purposes of determining his or her vesting percentage in any
6 employer contributions made pursuant to section 63(2) and (3) after
7 ~~his or her~~ ~~the~~ reemployment.

8 **Sec. 64a.** An eligible position qualified participant who
9 elects to terminate being a qualified participant under section 50b
10 may transfer part or all of his or her contributions made to Tier 2
11 and, subject to the vesting schedule under section 64, transfer
12 part or all of employer contributions made on his or her behalf to
13 Tier 2 to purchase service credit under the state police retirement
14 act of 1986, 1986 PA 182, MCL 38.1601 to 38.1674, as provided in
15 section 24c of the state police retirement act of 1986, 1986 PA
16 182, MCL 38.1624c. As used in this section, "eligible position
17 qualified participant" means that term as defined in section 50b.

18 **Sec. 64b.** A conservation officer who elects to terminate being
19 a qualified participant under section 50c may transfer part or all
20 of his or her contributions made to Tier 2 and, subject to the
21 vesting schedule under section 64, transfer part or all of employer
22 contributions made on his or her behalf to Tier 2 to purchase
23 service credit under the state police retirement act of 1986, 1986
24 PA 182, MCL 38.1601 to 38.1674, as provided in section 24d of the
25 state police retirement act of 1986, 1986 PA 182, MCL 38.1624d.

26 **Sec. 64c.** A state police motor carrier or Michigan state
27 police properties securities officer who elects to terminate being
28 a qualified participant under section 50d may transfer part or all
29 of his or her contributions made to Tier 2 and, subject to the

1 vesting schedule under section 64, transfer part or all of employer
2 contributions made on his or her behalf to Tier 2 to purchase
3 service credit under the state police retirement act of 1986, 1986
4 PA 182, MCL 38.1601 to 38.1674, as provided in section 24e of the
5 state police retirement act of 1986, 1986 PA 182, MCL 38.1624e.

6 Enacting section 1. This amendatory act does not take effect
7 unless all of the following bills of the 102nd Legislature are
8 enacted into law:

9 (a) Senate Bill No. 165.

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11 (b) Senate Bill No. 167.

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