

PROTECTING LOCAL GOVERNMENT RETIREMENT AND BENEFITS ACT (EXCERPT)
Act 202 of 2017

38.2803 Definitions.

Sec. 3.

As used in this act:

(a) "Annual report" means the most recent audited financial statement reporting a local unit of government's liability for retirement pension benefits and retirement health benefits as determined under applicable government accounting standards of the Governmental Accounting Standards Board.

(b) "Annual required contribution" means the sum of the normal cost payment and the annual amortization payment for past service costs to fund the unfunded actuarial accrued liability.

(c) "Corrective action plan" means a plan that details the actions to be taken by a local unit of government to address and resolve the underfunded status of the local unit of government.

(d) "Employee" means an individual holding a position by election, appointment, or employment in a local unit of government.

(e) "Evaluation system" means the local government retirement and benefits fiscal impact evaluation system created under section 5 to provide for the identification of, and a corrective action plan to resolve, the underfunded status of a local unit of government under this act.

(f) "Former employee" means an individual who was an employee who terminated employment with the applicable local unit of government.

(g) "General fund operating revenues" means the sum of all governmental activity fund revenues of a local unit of government as determined by the state treasurer based on applicable government accounting standards of the Governmental Accounting Standards Board. General fund operating revenues do not include any fund of the local unit of government that the state treasurer determines based on applicable government accounting standards of the Governmental Accounting Standards Board is a proprietary, fiduciary, enterprise, or other restricted fund that may not be expended to provide retirement health benefits or retirement pension benefits.

(h) "Local unit of government" means any of the following:

(i) A city.

(ii) A village.

(iii) A township.

(iv) A county.

(v) A county road commission.

(vi) An authority created under chapter VIA of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.108 to 259.125c.

(vii) A metropolitan government or authority established under section 27 of article VII of the state constitution of 1963.

(viii) A metropolitan district created under the metropolitan district act, 1929 PA 312, MCL 119.1 to 119.18.

(ix) An authority created under 1939 PA 147, MCL 119.51 to 119.62.

(x) A municipal electric utility system as that term is defined in section 4 of the Michigan energy employment act of 1976, 1976 PA 448, MCL 460.804.

(xi) A district, authority, commission, public body, or public body corporate created by 1 or more of the entities described in subparagraphs (i) to (x).

(i) "Local unit of government" does not include this state, a principal department of state government, a state institution of higher education under section 4, 5, or 6 of article VIII of the state constitution of 1963, a state agency, a state authority, or a reporting unit under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

(j) "Municipal stability board" or "board" means the municipal stability board created in section 7.

(k) "Normal cost" means the annual service cost of retirement health benefits as they are earned during active employment of employees of the local unit of government in the applicable fiscal year, using an individual entry-age normal and level percent of pay actuarial cost method.

(l) "Retirant" means an individual who has retired with a retirement benefit payable from a retirement system of a local unit of government.

(m) "Retirement benefit" includes a retirement health benefit or retirement pension benefit, or both.

(n) "Retirement health benefit" means an annuity, allowance, payment, or contribution to, for, or on behalf of a former employee or a dependent of a former employee to pay for any of the following components:

(i) Expenses related to medical, drugs, dental, hearing, or vision care.

(ii) Premiums for insurance covering medical, drugs, dental, hearing, or vision care.

(iii) Expenses or premiums for life, disability, long-term care, or similar welfare benefits for a former employee.

(o) "Retirement pension benefit" means an allowance, right, accrued right, or other pension benefit payable under a defined benefit pension plan to a participant in the plan or a beneficiary of the participant.

(p) "Retirement system" means a retirement system, trust, plan, or reserve fund that a local unit of government establishes, maintains, or participates in and that, by its express terms or as a result of surrounding circumstances, provides retirement pension benefits or retirement health benefits, or both. Retirement system does not include a state unit as that term is defined in section 2 of the public employee retirement benefit protection act, 2002 PA 100, MCL 38.1682.

(q) "Underfunded local unit of government" means a local unit of government that is in underfunded status.

(r) "Underfunded status" means that the state treasurer has determined that the local unit of government is underfunded under the review provided in section 5 and the local unit of government does not have a waiver under section 6.

History: 2017, Act 202, Imd. Eff. Dec. 20, 2017