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BILL ANALYSIS

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Senate Bill 144 (Substitute S-2)
Sponsor: Senator John F. Kelly
Senate Committee: Judiciary

Date Completed: 6-2-88

SUMMARY OF SENATE BILL 144 (Substitute S-2):

The bill would amend Public Act 314 of 1965, which regulates the investment of assets of public employee retirement systems, to require the investment fiduciary to use capital, common, and preferred stock, American depository receipts, or other evidence of residual ownership of a corporation in which it has investments, to support shareholder resolutions and initiatives proposing the adoption of the "MacBride Principles" for companies doing business in Northern Ireland, and proposing to implement the agreement between the government of the Republic of Ireland and the United Kingdom signed on November 15, 1985, commonly referred to as the Anglo-Irish Agreement. If a provision of the MacBride Principles were found to be in violation of Great Britain's law, however, then the proposed duties of the investment fiduciary would not apply to the extent that a shareholder resolution or initiative included the unlawful provision.

The "MacBride Principles" would be "those requirements for companies doing business in Northern Ireland designed to do all of the following":

- Increase representation from underrepresented religious groups in the work force, including managerial, supervisory, administrative, clerical, and technical jobs.
- Provide security for minority employees both at work and while traveling to and from the workplace.
- Ban "provocative religious or political emblems" in the workplace.
- Publicly advertise all employment openings and make special recruitment efforts to attract applicants from underrepresented religious groups.
- Prohibit layoff, recall, and termination procedures from favoring particular religious groups.
- Abolish job reservations, apprenticeship restrictions and differential employment criteria that discriminate on the basis of religion or ethnic origin.
- Develop training programs to prepare minority employees for skilled jobs by training, upgrading, and improving their skills.
- Establish procedures to assess, identify, and recruit minority employees with potential for advancement.
- Appoint senior management staff members to oversee the efforts to

comply with the principles and implementing timetables for their achievement.

Proposed MCL 38.1133a

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on the assets of public employee retirement systems. The impact of the bill would depend on the extent to which the bill would require the State Treasurer to make investment decisions other than those that would maximize the value of pension fund assets. It seems unlikely that the bill's requirement that the investment fiduciary support stockholder resolutions or initiatives promoting the MacBride principles for companies doing business in Northern Ireland and the Anglo-Irish Agreement would have any measurable effect on public pension fund assets. Department of Treasury staff reports that it does not know the percentage of State pension fund assets that would be affected by this bill.

Fiscal Analyst: N. Johnson

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.