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BILL ANALYSIS

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House Bill 4246 (Substitute S-1 as reported)
Sponsor: Representative Glen Steil
House Committee: Government Operations
Senate Committee: Local, Urban and State Affairs

CONTENT

The bill would amend Act 8 of the Extra Session of 1967, which provides for intergovernmental transfers of functions, to eliminate several provisions pertaining to the rights and benefits granted to employees transferred from one political subdivision to another.

Under the Act, two or more political subdivisions may enter into a contract providing for the transfer of functions and/or responsibilities to one another upon the consent of each political subdivision involved. Among other things, the contract must include the manner in which the affected employees, if any, of the participating political subdivisions are to be transferred, reassigned, or otherwise treated.

The Act requires necessary employees to be transferred to and appointed as employees subject to all rights and benefits. No employee who is transferred to a position with the political subdivision may by reason of the transfer be placed in any worse position with respect to workmen's compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance or any other benefits that he or she enjoyed as an employee of the acquired system. The transferred employees must be given seniority credits and sick leave, vacation, insurance, and pension credits in accordance with the records or labor agreements from the acquired system. Members and beneficiaries of any pension or retirement system or other benefits established by the acquired system must continue to have rights, privileges, benefits, obligations and status with respect to the established system. The political subdivision to which the functions or responsibilities have been transferred must assume the obligations of any system acquired by it with regard to wages, salaries, hours, working conditions, sick leave, health and welfare, and pension or retirement provisions for employees. The bill would delete these provisions.

MCL 124.534

Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would have no fiscal impact on State or local revenue. The bill could reduce State and/or local expenditures by an unknown amount, but would have no effect on units that do not participate in such agreements. It is unknown what units currently choose, or would choose, to pay wages and benefits different from levels required under current law. Because the bill would still allow units to make choices regarding wages and benefits, the bill would have no effect on units that agreed to the levels as they assign currently under existing law. As a result, the bill's effect would be limited to local units that now choose to pay or perceive they are required to pay wages and benefits at a higher level than they would choose under the bill. For those local units, the bill would reduce expenditures by an unknown amount, depending upon the actual wage and benefit levels chosen and the number of employees affected.

Date Completed: 7-25-07

Fiscal Analyst: David Zin

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Analysis available @ <http://www.michiganlegislature.org>

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