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BILL ANALYSIS

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House Bill 4246 (Substitute H-2 as passed by the House)
House Bill 4266 (Substitute H-2 as passed by the House)
Sponsor: Representative Glen Steil (H.B. 4246)
Representative Paul Opsommer (H.B. 4266)
House Committee: Government Operations
Senate Committee: Local, Urban and State Affairs

Date Completed: 7-20-07

CONTENT

House Bills 4246 (H-2) and 4266 (H-2) would amend Act 8 of the Extra Session of 1967, which provides for intergovernmental transfers of functions, and the Urban Cooperation Act, respectively, to specify that nothing in the Acts would require that an employer pay to employees transferred from one political subdivision to another or employed under an interlocal agreement the highest wages and benefits previously paid to any of the employees or their preexisting bargaining units.

House bill 4246 (H-2) is tie-barred to House Bill 4266.

Under Act 8, two or more political subdivisions (cities, villages, other incorporated political subdivisions, counties, school districts, community colleges, intermediate school districts, townships, charter townships, special districts or authorities) may enter into a contract with each other providing for the transfer of functions and/or responsibilities to one another upon the consent of each political subdivision involved.

The Urban Cooperation Act authorizes a public agency of the State to jointly exercise with any other public agency of the State, a public agency of any other state of the United States, a public agency of Canada, or any public agency of the U.S. government any power, privilege, or authority that the agencies share in common and that each might exercise separately. A joint exercise of power must be made by contract in the form of an interlocal agreement. ("Public agency" means a political subdivision of Michigan or of another State or Canada, including a state government; a county, city, village, township, charter township, school district, single or multipurpose special district or authority; a provincial government, metropolitan government, borough, or other political subdivision of Canada; an agency of the U.S. government; or a similar entity of any other state or of Canada.)

Among other things, the contract under Act 8 must include the manner in which the affected employees, if any, of the participating political subdivisions are to be transferred, reassigned, or otherwise treated. An agreement under the Urban Cooperation Act may include the manner of employing, engaging, compensating, transferring, or discharging necessary personnel, subject both to the provisions of applicable civil service and merit systems. These provisions apply subject to the following:

-- Necessary employees must 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. If the employees of an acquired system were not guaranteed sick leave, health and welfare and pension or retirement pay based on seniority, the political subdivision may not be required to provide these benefits retroactively.

Additionally, the bill provides that nothing in the Act would require that the employer pay to the employees the highest wages and benefits previously paid to any of the employees or their preexisting bargaining units.

MCL 124.534 (H.B. 4246)
124.505 (H.B. 4266)

Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bills would have no fiscal impact on State or local revenue. The bills 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 the highest wages and benefits previously paid. Because the bills would still allow units to make that choice, the bills would have no effect on such units. As a result, the bills' effect would be limited to local units that now perceive they are required to pay such wages and would choose to pay wages and benefits at a lower level. For those local units, the bills would reduce expenditures by an unknown amount, depending upon the actual wage and benefit levels chosen and the number of employees affected.

Fiscal Analyst: David Zin

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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.