

HOUSE BILL No. 6607

November 6, 2008, Introduced by Reps. Byrum and Miller and referred to the Committee on Tax Policy.

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending section 1224 (MCL 380.1224), as amended by 1992 PA 19.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1224. (1) At the request of an employee and as part of
2 the employee's compensation arrangement, the board of a school
3 district may purchase a tax-deferred investment for an employee for
4 retirement or other purposes and may make payroll allocations in
5 accordance with the arrangement to pay for the tax-deferred
6 investment. The allocation shall be made in a manner which will
7 qualify all or part of the tax-deferred investment for the benefit
8 afforded under the federal internal revenue code or other federal

1 income tax law. The employee shall own the tax-deferred investment.
2 The employee's rights under it shall be nonforfeitable except for
3 failure to make required payments.

4 (2) THE BOARD SHALL ESTABLISH AND MAINTAIN A BIDDING PROCESS
5 FOR ANY INVESTMENT ADMINISTRATIVE SERVICES IT USES TO PROCURE THE
6 TAX-DEFERRED INVESTMENTS. THE BIDDING PROCESS SHALL ASSURE THAT
7 PROVIDERS OF INVESTMENT ADMINISTRATIVE SERVICES THAT ARE
8 HEADQUARTERED OR DOING A MAJORITY OF THEIR BUSINESS IN THIS STATE
9 ARE GIVEN THE OPPORTUNITY TO COMPETE FOR THE INVESTMENT
10 ADMINISTRATIVE SERVICES BUSINESS. BEFORE CONTRACTING FOR ANY
11 INVESTMENT ADMINISTRATIVE SERVICES WITH A PROVIDER THAT IS NOT
12 EITHER HEADQUARTERED IN THIS STATE OR DOING A MAJORITY OF ITS
13 BUSINESS IN THIS STATE, THE BOARD OF A SCHOOL DISTRICT OR BOARD OF
14 AN INTERMEDIATE SCHOOL DISTRICT SHALL PREPARE AND MAKE AVAILABLE TO
15 THE PUBLIC A DETAILED COST-BENEFIT ANALYSIS JUSTIFYING THE
16 SELECTION OF THE SERVICE PROVIDER. THE ANALYSIS SHALL BE PREPARED
17 UTILIZING ACCURATE, RELIABLE, AND OBJECTIVE DATA AND SHALL USE THE
18 SOUNDEST ACTUARIAL TECHNIQUES THAT ARE AVAILABLE TO THE SCHOOL
19 DISTRICT OR INTERMEDIATE SCHOOL DISTRICT.

20 (3) ~~(2)~~—The board shall not have liability because of its
21 purchase of tax-deferred investments for employees.

22 (4) ~~(3)~~—This section shall be applied in a nondiscriminatory
23 manner to employees of the school district.

24 (5) ~~(4)~~—As used in this section, "tax-deferred investment"
25 means an annuity contract, interest in a mutual fund, or other
26 investment device that qualifies for deferral of federal income
27 taxes under the federal internal revenue code or other federal

1 income tax law.