

REGIONAL AIRPORT AUTHORITIES

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House Bill 4618 as reported from committee
Sponsor: Rep. Betsy Coffia
Committee: Economic Development and Small Business
Complete to 9-17-23

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4618 would amend the Publicly Funded Health Insurance Contribution Act to include regional airport authorities as local units of government under the act.

The act generally limits the amount that public employers, including local governments, can pay toward employees' medical benefit plans; employers can choose between an inflation-adjusted capped contribution or a maximum 80% contribution.¹ However, a *local unit of government* (as defined in the act) can generally elect to opt out of these requirements with a two-thirds vote of its governing body, which must be extended each year.²

As a public employer, a regional airport authority created under Chapter VIIA of the Aeronautics Code is currently subject to the contribution limits of the act. Under the bill, such an authority would also be considered a *local unit of government* and thus be able to exempt itself from those limits.³

MCL 15.562

BACKGROUND:

The Regional Airport Authority Act, added to the Aeronautics Code as Chapter VIIA in 2015, provides for the organization of a regional airport authority under certain terms and conditions. The Gerald R. Ford International Airport in Grand Rapids and the Cherry Capital Airport in Traverse City are currently organized under the Regional Airport Authority Act.

The Publicly Funded Health Insurance Contribution Act, enacted in 2011, does not currently provide for regional airport authorities to be included as local governments. Public airport authorities and municipalities that operate an airport, however, do qualify.

¹ A full analysis of the law as originally enacted can be found here: <http://www.legislature.mi.gov/documents/2011-2012/billanalysis/House/pdf/2011-HLA-0007-88186028.pdf>.

² A mayor or a county executive that is the chief executive and chief administrator of a city or county, respectively, must approve the exemption. Cities with a population over 600,000, effectively specific to Detroit, cannot be exempted.

³ A public airport authority created under Chapter VIA of the Aeronautics Code, effectively specific to the Wayne County Airport Authority, is already included under the definition of a local unit of government.

FISCAL IMPACT:

The bill would have no fiscal impact on the state. The bill would expand the act's definition of *local unit of government* to include regional airport authorities. The bill could potentially increase costs to regional airport authorities if an authority successfully votes to opt out of the limits placed on public employers' contributions to employee health benefits. Any increase in costs to the authority would depend on specific changes to health benefit changes and the increase in employer contribution. The bill would have no fiscal impact on any other local units of government.

POSITIONS:

Representatives of the following entities testified in support of the bill (6-13-23):

- Michigan Association of Airport Executives
- Northwest Regional Airport Authority/Cherry Capital Airport

The Michigan Department of Treasury indicated support for the bill. (6-13-23)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.