



HOUSE BILL No. 4886

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June 24, 1993, Introduced by Reps. Bullard, Dobb and Nye and referred to the Committee on Taxation.

A bill to amend section 46 of Act No. 300 of the Public Acts of 1980, entitled
"The public school employees retirement act of 1979,"
as amended by Act No. 47 of the Public Acts of 1991, being section 38.1346 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 46 of Act No. 300 of the Public Acts of
2 1980, as amended by Act No. 47 of the Public Acts of 1991, being
3 section 38.1346 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 46. (1) Except as otherwise provided in this section,
6 a retirement allowance, an optional benefit, or any other benefit
7 accrued or accruing to a person under this act, the reserves
8 created by this act, and the money, investments, or income of
9 those reserves are exempt from state, county, municipal, or other

1 local tax and are not subject to execution, garnishment,
2 attachment, the operation of bankruptcy or insolvency laws, or
3 other process of law. The right to a retirement allowance, an
4 optional benefit, or any other benefit accrued or accruing to a
5 person under this act is unassignable, except as specifically
6 provided in this act.

7 (2) FOR A PERSON WHO BECOMES A MEMBER OF A PUBLIC RETIREMENT
8 SYSTEM ESTABLISHED PURSUANT TO THIS ACT AFTER DECEMBER 31, 1993,
9 A RETIREMENT ALLOWANCE, AN OPTIONAL BENEFIT, OR ANY OTHER BENEFIT
10 ACCRUED OR ACCRUING TO THE PERSON UNDER THIS ACT IS SUBJECT TO
11 TAXATION PURSUANT TO THE INCOME TAX ACT OF 1967, ACT NO. 281 OF
12 THE PUBLIC ACTS OF 1967, BEING SECTIONS 206.1 TO 206.532 OF THE
13 MICHIGAN COMPILED LAWS.

14 (3) ~~-(2)-~~ The retirement system may offset retirement bene-
15 fits or refunds payable under this act against amounts owed to
16 the retirement system by a member, retirant, retirement allowance
17 beneficiary, or refund beneficiary.

18 (4) ~~-(3)-~~ If the retirement system is required by the fed-
19 eral government pursuant to a court order to transmit a part of a
20 member's contributions standing to the member's credit in the
21 reserve for employee contributions to a federal agency, the serv-
22 ice credit that is covered by the payment shall be forfeited in
23 the same manner as if the employee had requested and been paid a
24 refund of the member's most recent contributions.

25 (5) ~~-(4)-~~ A retirement allowance, an optional benefit, accu-
26 mulated contributions, or any other benefit to a member, a
27 deferred member, a retirement allowance beneficiary, or a

1 retirant under this act is subject to award by a court pursuant
2 to section ~~88~~ 18 of chapter 84 of the Revised Statutes of 1846,
3 being section 552.18 of the Michigan Compiled Laws, and to any
4 other order of a court pertaining to alimony or child support.
5 However, this subsection does not permit or require a benefit to
6 be paid or to be provided that is not otherwise available under
7 this act.

8 (6) ~~(5)~~ If an award or order described in subsection ~~(4)~~
9 (5) requires the retirement system to withhold payment of a
10 retirement allowance, deferred retirement allowance, accumulated
11 contributions, or other benefit from the person to whom it is due
12 or requires the retirement system to pay or requires the person
13 to request that the retirement system pay a retirement allowance,
14 deferred retirement allowance, accumulated contributions, or
15 other benefit, for the purpose of meeting the person's obliga-
16 tions to a spouse, former spouse, or child, as provided in
17 subsection ~~(4)~~ (5), the withholding or payment provisions of
18 the award or order are effective only against such amounts as
19 they become payable to the person otherwise entitled to receive
20 the retirement allowance unless otherwise provided in an eligible
21 domestic relations order under the eligible domestic relations
22 order act, ACT NO. 46 OF THE PUBLIC ACTS OF 1991, BEING SECTIONS
23 38.1701 TO 38.1711 OF THE MICHIGAN COMPILED LAWS. The limitation
24 contained in this subsection does not apply to the accumulated
25 contributions of a person who has terminated employment before
26 acquiring a vested member status.

1 (7) ~~-(6)-~~ A retirement allowance or an optional benefit
2 payable to a member, deferred member, or retirant under this act
3 is subject to an eligible domestic relations order under the eli-
4 gible domestic relations order act, ACT NO. 46 OF THE PUBLIC ACTS
5 OF 1991.

6 Section 2. This amendatory act shall not take effect unless
7 all of the following bills of the 87th Legislature are enacted
8 into law:

9 (a) Senate Bill No. _____ or House Bill No. 4885
10 (request no. 03715'93).

11 (b) Senate Bill No. _____ or House Bill No. 4887
12 (request no. 03717'93).

13 (c) Senate Bill No. _____ or House Bill No. 4888
14 (request no. 03718'93).

15 (d) Senate Bill No. _____ or House Bill No. 4889
16 (request no. 03719'93).