



HOUSE BILL No. 4887

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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 40 of Act No. 240 of the Public Acts of 1943, entitled as amended "State employees' retirement act," as amended by Act No. 48 of the Public Acts of 1991, being section 38.40 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 40 of Act No. 240 of the Public Acts of  
2 1943, as amended by Act No. 48 of the Public Acts of 1991, being  
3 section 38.40 of the Michigan Compiled Laws, is amended to read  
4 as follows:

5 Sec. 40. (1) ~~The~~ EXCEPT AS PROVIDED IN SUBSECTION (2),  
6 THE right of a person to a pension, an annuity, a retirement  
7 allowance, any optional benefit, any other right accrued or  
8 accruing to any person under ~~the provisions of~~ this act, the  
9 various funds created by this act, and all money and investments

1 and income of the funds, are exempt from any state, county,  
2 municipal, or other local tax, and shall not be subject to execu-  
3 tion, garnishment, attachment, the operation of bankruptcy or  
4 insolvency laws, or other process of law, and shall be unassigna-  
5 ble except as otherwise provided in this act.

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

13 (3) ~~(2)~~ The right of a member, member on deferred retire-  
14 ment status under section 20(4), or retirant to a pension, an  
15 annuity, a retirement allowance, any optional benefit, accumu-  
16 lated contributions, or any other benefit under the provisions of  
17 this act shall be subject to award by a court pursuant to section  
18 18 of chapter 84 of the Revised Statutes of 1846, being section  
19 552.18 of the Michigan Compiled Laws, and to any other order of a  
20 court pertaining to alimony or child support. The right of a  
21 member, deferred member, or retirant to a pension, an annuity, a  
22 retirement allowance, or an optional benefit under this act is  
23 subject to an eligible domestic relations order under the eligi-  
24 ble domestic relations order act, ACT NO. 46 OF THE PUBLIC ACTS  
25 OF 1991, BEING SECTIONS 38.1701 TO 38.1711 OF THE MICHIGAN  
26 COMPILED LAWS.

1 (4) ~~(3)~~ If an award or order described in subsection ~~(2)~~

2 (3) requires the retirement system to withhold payment of a  
 3 pension, deferred pension, accumulated contributions, or other  
 4 benefit from the person to whom it is due or requires the retire-  
 5 ment system to make payment or requires the person to request  
 6 that the retirement system make payment of a pension, deferred  
 7 pension, accumulated contributions, or other benefit, for the  
 8 purpose of meeting the person's obligations to a spouse, former  
 9 spouse or child, as provided in subsection ~~(2)~~ (3), the with-  
 10 holding or payment provisions of the award or order shall be  
 11 effective only against such amounts as they become payable to the  
 12 person receiving a retirement allowance unless otherwise provided  
 13 in an eligible domestic relations order under the eligible domes-  
 14 tic relations order act, ACT NO. 46 OF THE PUBLIC ACTS OF 1991.  
 15 The limitation contained in this subsection shall not apply to  
 16 the accumulated contributions of a person who has terminated  
 17 employment before acquiring a vested member status.

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

21 (a) Senate Bill No. \_\_\_\_\_ or House Bill No. 4885  
 22 (request no. 03715'93).

23 (b) Senate Bill No. \_\_\_\_\_ or House Bill No. 4886  
 24 (request no. 03716'93).

25 (c) Senate Bill No. \_\_\_\_\_ or House Bill No. 4888  
 26 (request no. 03718'93).

1 (d) Senate Bill No. \_\_\_\_\_ or House Bill No. 4889  
2 (request no. 03719'93).