

Act No. 389  
Public Acts of 1996  
Approved by the Governor  
September 30, 1996  
Filed with the Secretary of State  
September 30, 1996

**STATE OF MICHIGAN  
88TH LEGISLATURE  
REGULAR SESSION OF 1996**

Introduced by Senator Steil

# **ENROLLED SENATE BILL No. 1055**

AN ACT to amend the title and section 13 of Act No. 240 of the Public Acts of 1943, entitled as amended "An act to provide for a state employees' retirement system; to create a state employees' retirement board and prescribe its powers and duties; to establish certain funds in connection therewith and to require contributions thereto by state employees and by the state; to create certain accounts and provide for expenditures from those accounts; to prescribe the powers and duties of certain state officers and agencies; and to provide penalties for the violation of certain provisions of this act," section 13 as amended by Act No. 195 of the Public Acts of 1993, being section 38.13 of the Michigan Compiled Laws; and to add section 44a.

*The People of the State of Michigan enact:*

Section 1. The title and section 13 of Act No. 240 of the Public Acts of 1943, section 13 as amended by Act No. 195 of the Public Acts of 1993, being section 38.13 of the Michigan Compiled Laws, are amended and section 44a is added to read as follows:

## **TITLE**

An act to provide for a state employees' retirement system; to create a state employees' retirement board and prescribe its powers and duties; to establish certain funds in connection with the retirement system; to require contributions to the retirement system by and on behalf of members of the retirement system; to create certain accounts and provide for expenditures from those accounts; to prescribe the powers and duties of certain state and local officers and agencies; and to prescribe penalties and provide remedies.

Sec. 13. (1) Except as otherwise provided in this act, membership in the retirement system consists of state employees occupying permanent positions in the state civil service. All state employees except those specifically excluded by law and those who are members or eligible to be members of other statutory retirement systems in this state, shall become members of the retirement system. The employees may use service previously performed as an employee of this state in meeting the service requirements for the retirement allowances and death benefits provided by the retirement system. However, the prior service shall not be used in computing the amount of a retirement allowance to be paid by the retirement system unless the employee pays to the retirement system the amount the employee's contributions would have been had the employee become a member immediately upon employment by the state with interest compounded annually at the regular rate from a date 1 year after the date of employment by this state to the date of payment. A person who draws compensation as a state employee of a political subdivision of this state is eligible for the benefits provided by this act to the extent of the person's compensation paid by this state. An individual who meets the requirements of section 44a is a member of the retirement system.

(2) Elected or appointed state officials may elect not to become or continue as members of the retirement system by filing written notice with the retirement board. An appointed state official who is a member of a state board, commission, or council and who receives a per diem rate in his or her capacity as a member of the board, commission, or council is excluded from membership in the retirement system for the service rendered in his or her capacity as a member of the board, commission, or council. Service performed by an elected or appointed official during the time the official elects not to participate shall not be used in meeting the service requirement or in computing the amount of retirement allowance to be paid by the retirement system. A member who elects not to participate shall be refunded all contributions made before the election.

(3) Membership in the retirement system does not include a person who is a contributing member in the public school employees' retirement system provided for in the public school employees retirement act of 1979, Act No. 300 of the Public Acts of 1980, being sections 38.1301 to 38.1408 of the Michigan Compiled Laws, or the Michigan judges retirement system provided for in the judges retirement act of 1992, Act No. 234 of the Public Acts of 1992, being sections 38.2101 to 38.2608 of the Michigan Compiled Laws, or a person who comes within the Michigan state police retirement system provided for in the state police retirement act of 1986, Act No. 182 of the Public Acts of 1986, being sections 38.1601 to 38.1648 of the Michigan Compiled Laws.

(4) A person hired in state classified or unclassified service after June 30, 1974, possessing a Michigan teaching certificate shall be a member of this retirement system. After June 30, 1974, a person who returns to state employment in the classified or unclassified service who previously was a contributing member of the Michigan public school employees' retirement system shall have the person's accumulated contributions and service transferred to this retirement system, or having withdrawn the contributions, may pay into the retirement system the amount withdrawn together with regular interest and have credit restored as provided for in section 16.

(5) A person, not regularly employed by this state, who is employed through participation in 1 or more of the following programs, shall not be a member of the retirement system and shall not receive service credit for the employment:

(a) A program authorized, undertaken, and financed pursuant to the comprehensive employment and training act, former Public Law 93-203, 87 Stat. 839.

(b) A summer youth employment program established pursuant to the Michigan youth corps act, Act No. 69 of the Public Acts of 1983, being sections 409.221 to 409.229 of the Michigan Compiled Laws.

(c) A program established pursuant to the job training partnership act, Public Law 97-300, 96 Stat. 1322.

(d) A program established pursuant to the Michigan opportunity and skills training program, first established under sections 12 to 23 of Act No. 259 of the Public Acts of 1983.

(e) A program established pursuant to the Michigan community service corps program, first established under sections 25 to 35 of Act No. 259 of the Public Acts of 1983.

(6) A person, not regularly employed by this state, who is employed to administer a program described in subsection (5) shall not be a member of the retirement system and shall not receive service credit for the employment.

(7) If a person described in subsection (5)(a) later becomes a member of this retirement system within 12 months after the date of termination as a participant in a transitional public employment program, service credit shall be given for employment which is excluded in subsection (5) for purposes of determining a retirement allowance upon the payment by the person's employer under subsection (5) from funds provided under the comprehensive employment and training act, former Public Law 93-203, 87 Stat. 839, as funds permit, to the retirement system of the contributions, plus regular interest, the employer would have paid had the employment been rendered in a position covered by this act. During the person's employment in the transitional public employment program, the person's employer shall place in reserve a reasonable but not necessarily an actuarially determined amount equal to the contributions that the employer would have paid to the retirement system for those employees in the transitional public employment program as if they were members under this act, but only for that number of employees that the employer determined would move from the transitional public employment program into positions covered by this act. If the funds provided under the comprehensive employment and training act, former Public Law 93-203, 87 Stat. 839, are insufficient, the remainder of the employer contributions shall be paid by the person's current employer.

Sec. 44a. (1) An individual who was a member on September 30, 1996 by virtue of his or her employment by the state judicial council shall continue to be a member on and after October 1, 1996 if all of the following requirements are met:

(a) The individual is employed by the Wayne county judicial council, if created, by the Detroit judicial council, if created, or by the city of Detroit or Wayne county performing judicial duties in the circuit court in the third judicial circuit, in the recorder's court of the city of Detroit, or in the district court in the thirty-sixth district.

(b) The individual's employer pays to the retirement system an amount based upon the contribution rates determined under section 38, in the manner prescribed by the retirement system.

(2) By January 20, April 20, July 20, and October 20 of each year, the employer of an individual described in subsection (1) shall file with the retirement system a quarterly affidavit for the preceding 3 months. The affidavit shall

certify the aggregate compensation that is reportable to the retirement system under this act, sources of contributions, and contributions required by law. Not later than October 20 of each year, the employer of an individual described in subsection (1) shall file a report with the retirement system that includes all of the following information for the preceding 12 months:

- (a) A list of all individuals described in subsection (1) employed by that employer.
- (b) The salary paid to each individual listed under subdivision (a).
- (c) The amount of service performed by an individual listed under subdivision (a).
- (d) Any other information the retirement system requires for the administration of this section.

(3) If an employer fails to submit a report or contributions, or both, according to the schedule established by the retirement system, the employer shall pay a late fee. If the employer remits contributions late, the late fee shall include interest for each day the remittance of contributions is late. The retirement system periodically may establish a late fee, which fee shall not be less than \$25.00, and interest charges, which charges shall not be less than 6% per annum.

(4) The retirement system shall grant service credit for the time an individual meets the requirements established in subsection (1). An individual who continues to be a member under this section is entitled to all of the rights, privileges, and benefits provided by this act.

This act is ordered to take immediate effect.

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Secretary of the Senate.

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Clerk of the House of Representatives.

Approved -----

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Governor.