
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 539 (Substitute S-1 as reported)
Sponsor: Senator Bill Bullard, Jr.
Committee: Local, Urban and State Affairs

CONTENT

The bill would amend Chapter 16 of the Revised Statutes of 1846, which provides for the powers and duties of townships, to allow a township to establish a cafeteria plan, authorized under Section 125 of the Internal Revenue Code, for its elected or appointed officers and employees, any classes of elected or appointed officers and employees, and dependents of the officers and employees. The term "cafeteria plan" would be defined as it is in the Internal Revenue Code, i.e., a written plan under which all participants are employees, and the participants may choose among two or more benefits consisting of cash and qualified benefits; the term does not include any plan that provides for deferred compensation.

Under the Act, a township may provide life, accident, health, hospitalization, and medical and surgical insurance for its elected or appointed officers and employees, and their dependents. The bill would allow townships to provide these benefits for their retired officers and employees, as well.

MCL 41.110b

Legislative Analyst: G. Towne

FISCAL IMPACT

Townships would be able to establish a cafeteria plan to provide employee benefits, which could minimally reduce benefit costs. Additionally, townships would be able to provide health benefits to retired officers and employees, which would increase benefit costs. This bill would have no State fiscal impact.

Date Completed: 10-1-99

Fiscal Analyst: R. Ross