

**SENATE BILL NO. 539**

April 27, 1999, Introduced by Senators BULLARD, STEIL, HAMMERSTROM, JOHNSON, BENNETT, DUNASKISS, MC COTTER and STILLE and referred to the Committee on Local, Urban and State Affairs.

A bill to amend 1846 RS 16, entitled

"Of the powers and duties of townships, the election and duties of township officers, and the division of townships,"

by amending section 110b (MCL 41.110b), as added by 1989 PA 77.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1       Sec. 110b. (1) A township may do all of the following:
- 2       (a) Establish a retirement system for its employees and pro-
- 3 vide for financing, funding, and the payment of benefits in the
- 4 same manner and to the same extent as permitted counties under
- 5 section 12a of ~~Act No. 156 of the Public Acts of 1851, being~~
- 6 ~~section 46.12a of the Michigan Compiled Laws~~ 1851 PA 156, MCL
- 7 46.12A, or make contracts of insurance with an insurance company
- 8 authorized to transact business within ~~the~~ THIS state.
- 9       (b) Make arrangements with a prepayment plan authorized to
- 10 transact business within the state, insuring and covering its

1 elected or appointed officers and employees or any classes of  
2 elected or appointed officers and employees under policies of  
3 group insurance or prepayment plan contracts, or both, covering  
4 life, accident, health, hospitalization, and medical and surgical  
5 service and expense insurance, including hospitalization and med-  
6 ical and surgical service and expense for dependents of the offi-  
7 cers and employees.

8 (C) ESTABLISH A CAFETERIA PLAN AUTHORIZED UNDER SECTION 125  
9 OF THE INTERNAL REVENUE CODE OF 1986 FOR ITS ELECTED OR APPOINTED  
10 OFFICERS AND EMPLOYEES, ANY CLASSES OF ELECTED OR APPOINTED OFFI-  
11 CERS AND EMPLOYEES, AND DEPENDENTS OF THE OFFICERS AND  
12 EMPLOYEES. AS USED IN THIS SUBDIVISION, "CAFETERIA PLAN" MEANS  
13 THAT TERM AS DEFINED IN SECTION 125 OF THE INTERNAL REVENUE CODE  
14 OF 1986.

15 (D) ~~(c)~~ Contract with a company that grants annuities or  
16 pensions for the pensioning of the officers and employees and for  
17 these purposes pay any part of the premiums or charges for insur-  
18 ance, prepayment plan coverage, annuities, or pensions.

19 (2) Notwithstanding any other provision of law, the proper  
20 disbursing officer of the township may deduct from an officer's  
21 or employee's pay, salary, or compensation that part of the pre-  
22 mium or charge ~~as~~ THAT is payable by the officer or employee.

23 (3) A contract of insurance or arrangement for prepayment  
24 plan coverage procured ~~pursuant to~~ UNDER this section may pro-  
25 vide that each elected or appointed officer or employee becoming  
26 eligible for insurance or coverage becomes insured or covered  
27 automatically when he or she becomes eligible, subject to any

1 actively-at-work requirements specified in the contract or  
2 arrangement. If the insurance or coverage under the contract or  
3 arrangement requires contributions from the individual, any indi-  
4 vidual desiring not to be ~~so~~ insured or covered UNDER THE CON-  
5 TRACT OR ARRANGEMENT shall give written notice to his or her  
6 employing office that he or she desires not to be insured or cov-  
7 ered, and if the notice is received before the individual has  
8 become insured or covered under the contract or arrangement, he  
9 or she shall not be insured or covered. If the notice is  
10 received after the individual has become insured or covered, his  
11 or her insurance or coverage under the contract or arrangement  
12 shall cease as provided for in the contract or arrangement.

13 (4) This section does not affect the validity of a retire-  
14 ment program or contract of group insurance or arrangement for  
15 prepayment plan coverage entered into by the township before ~~the~~  
16 ~~effective date of the amendatory act that added this section~~  
17 JUNE 20, 1989.

18 (5) The authority given under this section is in addition to  
19 and not in derogation of any power existing in the township under  
20 the laws of this state. A township may exercise the powers  
21 granted under this section by ordinance without THE necessity of  
22 amending its charter.