

STATE TAKEOVER OF TROUBLED PUBLIC PENSION SYSTEMS



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FISCAL ANALYSIS

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HOUSE BILL 5731 AS INTRODUCED

Sponsor: Rep. Mark Jansen

House Committee: Senior Health, Security and Retirement

COMMITTEE ANALYSIS - 4/15/02

Analyst(s): Steve Stauff

SUMMARY

House Bill 5731 would amend the Local Government Fiscal Responsibility Act to include public pensions experiencing severe financial distress. Current law requires the governor to appoint a review team to take certain steps to alleviate serious financial problems of local units of government and school districts, under certain circumstances. New language details the preliminary review, review team membership, determining a financial emergency, the financial management of the emergency, the development of a written financial plan, state immunity, requirement of local cooperation and revocation of the financial emergency, all related to a public pension plan in severe financial distress.

The number of public pension systems that may require review team action cannot be predicted. Any occurrence may require state and local resources in assessment and corrective action. It estimated that there may be an indeterminate financial increase to both state and local governments by this bill