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BILL ANALYSIS

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House Bill 4266 (Substitute S-1 as reported)
Sponsor: Representative Paul Opsommer (H.B. 4266)
House Committee: Government Operations
Senate Committee: Local, Urban and State Affairs

CONTENT

The bill would amend the Urban Cooperation Act to eliminate several provisions pertaining to the rights and benefits granted to employees transferred under an interlocal agreement.

The Urban Cooperation Act authorizes a public agency of the State to jointly exercise with any other public agency of the State, a public agency of any other state of the United States, a public agency of Canada, or any public agency of the U.S. government any power, privilege, or authority that the agencies share in common and that each might exercise separately. A joint exercise of power must be made by contract in the form of an interlocal agreement. Among other things, the contract must include the manner of employing, engaging, compensating transferring, or discharging necessary personnel.

The Act requires necessary employees to be transferred to and appointed as employees subject to all rights and benefits. No employee who is transferred to a position with the political subdivision may by reason of the transfer be placed in any worse position with respect to workmen's compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance or any other benefits that he or she enjoyed as an employee of the acquired system. The transferred employees must be given seniority credits and sick leave, vacation, insurance, and pension credits in accordance with the records or labor agreements from the acquired system. Members and beneficiaries of any pension or retirement system or other benefits established by the acquired system must continue to have rights, privileges, benefits, obligations and status with respect to the established system. The political subdivision to which the functions or responsibilities have been transferred must assume the obligations of any system acquired by it with regard to wages, salaries, hours, working conditions, sick leave, health and welfare, and pension or retirement provisions for employees. The bill would delete these provisions.

MCL 124.505 Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would have no fiscal impact on State or local revenue. The bill could reduce State and/or local expenditures by an unknown amount, but would have no effect on units that do not participate in such agreements. It is unknown what units currently choose, or would choose, to pay wages and benefits different from levels required under current law. Because the bill would still allow units to make choices regarding wages and benefits, the bill would have no effect on units that agreed to the levels as they assign currently under existing law. As a result, the bill's effect would be limited to local units that now choose to pay or perceive they are required to pay wages and benefits at a higher level than they would choose under the bill. For those local units, the bill would reduce expenditures by an unknown amount, depending upon the actual wage and benefit levels chosen and the number of employees affected.

Date Completed: 7-25-07 Fiscal Analyst: David Zin