

# HOUSE BILL No. 4481

March 23, 2011, Introduced by Rep. Gilbert and referred to the Committee on Tax Policy.

A bill to amend 1980 PA 300, entitled  
"The public school employees retirement act of 1979,"  
by amending section 46 (MCL 38.1346), as amended by 2002 PA 94.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 46. (1) ~~A—EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A~~  
2       retirement allowance, an optional benefit, or any other benefit  
3       accrued or accruing to a person under this act, the reserves  
4       created by this act, and the money, investments, or income of those  
5       reserves are exempt from state, county, municipal, or other local  
6       tax and **ARE** subject to the public employee retirement benefit  
7       protection act, 2002 PA 100, MCL 38.1681 TO 38.1689.

8       (2) BEGINNING JANUARY 1, 2012, A RETIREMENT ALLOWANCE, AN  
9       OPTIONAL BENEFIT, OR ANY OTHER BENEFIT ACCRUED OR ACCRUING TO A  
10      PERSON UNDER THIS ACT IS SUBJECT TO STATE TAX UPON DISTRIBUTION TO

1   **THE PERSON FROM THE VARIOUS FUNDS CREATED BY THIS ACT.**

2           (3) ~~(2)~~—The retirement system may offset retirement benefits  
3   or refunds payable under this act against amounts owed to the  
4   retirement system by a member, retirant, retirement allowance  
5   beneficiary, or refund beneficiary.

6           (4) ~~(3)~~—If the retirement system is required by the federal  
7   government pursuant to a court order to transmit a part of a  
8   member's contributions standing to the member's credit in the  
9   reserve for employee contributions to a federal agency, the service  
10   credit that is covered by the payment shall be forfeited in the  
11   same manner as if the employee had requested and been paid a refund  
12   of the member's most recent contributions.