

HOUSE BILL No. 4141

January 30, 2013, Introduced by Reps. Somerville and Muxlow and referred to the Committee on Local Government.

A bill to prohibit certain terms in public employment contracts; to prohibit severance pay for voluntary termination of employment; to limit contract terms and payments for early termination of certain contracts; and to provide for civil fines.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "public employee severance pay regulation act".

3 Sec. 2. As used in this act, "severance pay" means
4 compensation that is payable or paid upon the termination of
5 employment that is in addition to any wages earned or generally
6 applicable retirement benefit.

7 Sec. 3. This state, a local unit of government, or any other
8 public employer in this state shall not include a provision in an
9 employment contract that provides for, and shall not pay, severance
10 pay to a public employee who voluntarily terminates public

1 employment, except in the following situations:

2 (a) The employee meets the conditions to leave the employment
3 under a reduction-in-force plan or early retirement agreement that
4 includes a severance payment.

5 (b) The employee qualifies for the payment under a general
6 policy adopted for employees in the state classified service or by
7 a merit system of a local unit of government.

8 (c) The public employer initiates the not-for-cause
9 termination.

10 Sec. 4. This state, a local unit of government, or any other
11 public employer in this state shall not pay severance pay under a
12 contract for services upon early termination of the contract, if
13 the early termination is instigated by the contractor. A contract
14 entered into on or after April 1, 2014 shall not provide for
15 payment of severance pay in violation of this act. This section
16 does not prohibit a contract term providing for or payment of a
17 bonus for early completion of a contract for the production of a
18 deliverable.

19 Sec. 5. A public employee or officer who authorizes a contract
20 term or payment in violation of this act is responsible for a civil
21 fine of not more than \$25,000.00. The attorney general or the
22 attorney for the local unit of government may bring an action in
23 the circuit court for a violation of this act. A civil fine
24 collected under this section shall be submitted to the state
25 treasurer for deposit in the general fund of this state.