



Senate Fiscal Agency
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Senate Bill 12 (Substitute S-1 as reported)
Sponsor: Senator Rick Jones
Committee: Judiciary

CONTENT

The bill would amend the State Employees' Retirement Act to exempt a person from a prohibition against receiving a retirement allowance while being employed by the State under certain circumstances related to employment for litigation involving the State.

Under the Act, except as otherwise allowed, a retirant who is receiving a retirement allowance and is "employed by this state" beginning after October 1, 2007, agrees to forfeit his or her right to receive the retirement allowance during the period of employment. The retirement system must cease payment of the retirement allowance during that period of State employment and then reinstate payment without recalculation when the period of State employment ends.

Under the bill, those provisions would not apply to a retirant if all of the following conditions were met:

- The Department of Attorney General contracted with the retirant as a witness, expert, or consultant for litigation involving the State.
- The Attorney General determined that, as a result of the retirant's previous employment with the State, the retirant possessed specialized expertise and experience necessary for the litigation and the contract was the State's most cost-effective option.
- The retirant retired after a bona fide termination of employment.

(The Act defines "employed by this state" as employed directly by the State as an employee, indirectly by the State through a contractual arrangement with other parties, or by engagement of the retirant by the State as an independent contractor.)

MCL 38.68c

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on local units of government.

For the State, if a contracted retirant otherwise would be willing to forfeit his or her pension to return to State employment, then this bill would have a negative fiscal impact in that it would allow for the payment of pensions that would not be paid under current law. However, to the extent that retirants with specialized expertise would be willing to return only if they could collect a pension and contract pay, then the fiscal impact would have to be determined by the Attorney General to be the most cost-effective option for the State.

Date Completed: 1-22-15

Fiscal Analyst: Kathryn Summers

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Bill Analysis @ www.senate.michigan.gov/sfa

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