

# HOUSE BILL NO. 6139

November 14, 2024, Introduced by Reps. Tsernoglou and Andrews and referred to the Committee on Labor.

A bill to amend 1909 PA 279, entitled  
"The home rule city act,"  
by amending section 4p (MCL 117.4p), as amended by 2017 PA 214.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 4p. (1) Subject to section 4u, for a city with a  
2       population of more than 600,000 or that has discharged  
3       \$1,000,000,000.00 of pension liabilities in bankruptcy, or both,  
4       that provides a defined benefit plan as part of a system of  
5       compensation under section 4i, all of the following apply:

1 (a) Except as otherwise provided in a plan for adjustment, the  
2 calculation of a pension benefit under the defined benefit plan  
3 must only include base pay. This subdivision does not apply to  
4 years of service accrued before January 1, 2015.

5 (b) Except as otherwise provided in a plan for adjustment, the  
6 annual pension benefit must not include an additional payment based  
7 solely on the rate of investment return earned on the retirement  
8 system's assets. This subdivision does not prohibit the fulfillment  
9 of rights and benefits earned under a retirement system agreed to  
10 in a plan for adjustment. As used in this subdivision, a  
11 "retirement system" means a public employee retirement system  
12 established by a city described in this subsection.

13 (2) Subject to section 4u and except as otherwise provided in  
14 a plan for adjustment, for a city with a population of more than  
15 600,000 or that has discharged \$1,000,000,000.00 of pension  
16 liabilities in bankruptcy, or both, that provides retirement  
17 benefits for employees first hired after July 1, 2023 as part of a  
18 system of compensation under section 4i, either of the following  
19 applies for the employees first hired after July 1, 2023:

20 (a) The city may offer retirement plans so long as the city  
21 does not contribute more than 7% of the employee's base pay to an  
22 appropriate retirement account.

23 (b) The city may offer the same retirement plan as provided in  
24 a plan for adjustment.

25 (3) Subject to section 4u, for a city with a population of  
26 more than 600,000 or that has discharged \$1,000,000,000.00 of  
27 pension liabilities in bankruptcy, or both, that provides  
28 retirement health care insurance benefits for new employees after  
29 July 1, 2023 as part of a system of compensation under section 4i,

the city shall not contribute more than 2% of the employee's base pay or the percentage a qualified participant's employer contributes on behalf of a qualified participant under section 68b(1) of the state employees' retirement act, 1943 PA 240, MCL 38.68b, whichever percentage is greater, to an appropriate tax-deferred account.

(4) Not later than January 1, 2024, and each January 1 after 2024, for a city with a population of more than 600,000 or that has discharged \$1,000,000,000.00 of pension liabilities in bankruptcy, or both, that provides retirement benefits as part of a system of compensation under section 4i, the city or a retirement system established by the city, as applicable, shall submit a certification of its compliance with this section to the financial review commission created under the Michigan financial review commission act, 2014 PA 181, 141.1631 to 141.1643.

(5) As used in this section:

(a) "Base pay" means the remuneration paid an employee on account of the employee's services rendered to a city described in this section. Base pay does not include any of the following:

(i) Payment for overtime services.

(ii) Remuneration paid in lieu of accumulated sick leave.

(iii) Remuneration received as a bonus.

(iv) Payment for accrued vacation pay.

(v) One-time lump-sum payments.

(vi) The cost of fringe benefits, including, but not limited to, a medical benefit plan.

(b) "Medical benefit plan" means ~~that term as defined in section 2 of the publicly funded health insurance contribution act, 2011 PA 152, MCL 15.562.~~ **a plan established and maintained by a**

1 carrier, a voluntary employees' beneficiary association described  
2 in section 501(c)(9) of the internal revenue code of 1986, 26 USC  
3 501, or by 1 or more public employers, that provides for the  
4 payment of medical benefits, including, but not limited to,  
5 hospital and physician services, prescription drugs, and related  
6 benefits, for public employees or elected public officials. Medical  
7 benefit plan does not include benefits provided to individuals  
8 retired from a public employer or a public employer's contributions  
9 to a fund used for the sole purpose of funding health care benefits  
10 that are available to a public employee or an elected public  
11 official only upon retirement or separation from service.

12 (c) "Member" means a member of a defined benefit plan  
13 established by a city described in subsection (1).

14 (d) "Plan for adjustment" means a plan for the adjustment of  
15 debts entered and approved by a federal bankruptcy court.

16 (e) "Retirement health care insurance benefit" means  
17 hospitalization and medical insurance, dental coverage, vision  
18 coverage, and any other health care insurance provided for a  
19 retirant or dependent of a retirant under a system of compensation  
20 that includes retirement benefits established under section 4i.

21 Enacting section 1. This amendatory act does not take effect  
22 unless Senate Bill No. \_\_\_\_ or House Bill No. 6136 (request no.  
23 02062'23) of the 102nd Legislature is enacted into law.