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BILL ANALYSIS

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Senate Bill 517 (Substitute S-3 as reported)  
Sponsor: Senator Bev Hammerstrom  
Committee: Local, Urban and State Affairs

### **CONTENT**

The bill would amend the Municipal Employees Retirement Act to expand the definition of "municipality" (and thereby expand the entities that may join the Municipal Employees' Retirement System) to include the following:

- A political subdivision of Michigan or an adjacent state, including but not limited to the entities currently identified in the definition.
- A metropolitan government borough, or other political subdivision of the Canadian Province of Ontario, an agency of the United States, or a similar entity of an adjacent U.S. state and Ontario.
- A State university whose employees are not public school employees under the Public School Employees Retirement Act.

The bill also would do the following:

- Indicate that certain provisions would not limit the retirement board's power to establish ancillary benefits and postemployment benefit programs.
- Require the retirement board to arrange for an annual actuarial valuation and report of the actuarial soundness of each participating court, in addition to each participating municipality.
- Allow the electronic distribution of the retirement board's annual report, and require a copy to be distributed to the Senate and the House, rather than each member.

MCL 38.1502a et al.

Legislative Analyst: J.P. Finet

### **FISCAL IMPACT**

The bill would have no fiscal impact on the State.

There could be a potential positive impact on the retirement system's assets. By allowing more entities to become members, the system would have more individuals among whom to spread the costs. This eventually could result in lower contribution rates and lower costs for the system overall. The amount is indeterminate and dependent on the number of new members who would be allowed to join the retirement system.

Date Completed: 9-28-04

Fiscal Analyst: Joe Carrasco