

Senate Bill 314 (as passed by the Senate)
Sponsor: Senator Kevin Hertel
Committee: Local Government

Date Completed: 11-12-25

RATIONALE

According to testimony before the Senate Committee on Local Government, counties across Michigan are experiencing a law enforcement staffing shortage that pressures current personnel to work a lot of overtime. In response, these counties have recruited their retirees to return to the force; however, current law prohibits county retirees from working more than 1,000 hours per year to continue to receive their retirement benefits. The bill would remove the cap of 1,000 hours per year, which would especially help the 13 counties in Michigan with independent retirement boards maintain an adequate law enforcement workforce during the current staffing shortage.

CONTENT

The bill would amend Public Act (PA) 156 of 1851, which governs county boards of commissioners and allows counties to create retirement plans for their employees, to delete the cap of 1,000 hours per 12-month period that a reemployed county retiree may work with the county and continue to collect retirement benefits. The bill also specifies that employment in the county sheriff's office would be considered work with the county under this provision.

Generally, if a retiree becomes employed by a county from which the retiree retired, the retiree's pension or retirement benefit is temporarily suspended for the time of employment; however, payment of a pension or retirement benefit to a retiree continues without change in amount or condition if the retiree meets several requirements described further below and is one of the following:

- For a retiree who was not an elected or appointed county official at retirement, the retiree is elected or appointed as a county official for a term of office that begins after the retiree's retirement allowance effective date.
- For a retiree who was an elected or appointed county official at retirement, the retiree is elected or appointed as an official to a different office from which the retiree retired for a term of office that begins after the retiree's retirement allowance effective date.
- For a retiree who was an elected or appointed county official at retirement, the retiree is elected or appointed as an official to the same office from which the retiree retired for a term that begins at least two years after the retiree's retirement allowance effective date.

Additionally, payment of a pension or retirement benefit continues if the retiree meets the requirements described further below and is reemployed by the county for up to 1,000 hours in any 12-month period. Instead, under the bill, payment of a pension or retirement benefit would continue if the retiree met the requirements below and was reemployed by the county, including by the county sheriff's office.

Retirees also must meet the following requirements for the continued payment of pension or retirement benefits upon reemployment with the county:

- The retiree must not be eligible for any benefits from the county other than those required by law or otherwise provided to the retiree's status as a retiree.
- The retiree must not be a member of the plan.
- The retiree must not receive additional retirement credits.
- The retiree must not receive an increase in pension or retirement benefits.

MCL 46.12a

PREVIOUS LEGISLATION

(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

The bill is a reintroduction of House Bill 5203 of the 2023-2024 Legislative Session. House Bill 5203 passed the House and the Senate but received no further action.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Law enforcement institutions are increasingly recruiting new police officers who are young. Many of these recruits become eligible for retirement in their 40's and early 50's. After retiring, these individuals often want to continue to work full-time; however, a police officer who retires from a county sheriff's office that has a retirement plan governed by PA 156 of 1851 may not work more than 1,000 hours a year and continue to collect retirement benefits. According to testimony, these officers often seek full-time work with other county or local law enforcement. Testimony also indicates that police officers in these circumstances express interest in being re-hired by the same county sheriff's office at which they used to work. The bill would allow these officers to be re-hired by their county sheriff's offices to continue to serve the communities in which they are familiar.

Legislative Analyst: Alex Krabill

FISCAL IMPACT

The bill would have a negative fiscal impact on local governmental units and no fiscal impact on the State. The bill would allow certain employees the ability to retire and continue working, thus allowing the employees to gain retirement benefits and still be employed. This type of action would increase the unfunded liabilities for the government. The amount of increased costs is indeterminate as it would depend on how many employees of a county sheriff's office took advantage of this.

Fiscal Analyst: Bobby Canell

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.