

HOUSE BILL No. 4481

March 23, 2011, Introduced by Rep. Gilbert and referred to the Committee on Tax Policy.

A bill to amend 1980 PA 300, entitled
"The public school employees retirement act of 1979,"
by amending section 46 (MCL 38.1346), as amended by 2002 PA 94.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 46. (1) ~~A—EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A~~
2 retirement allowance, an optional benefit, or any other benefit
3 accrued or accruing to a person under this act, the reserves
4 created by this act, and the money, investments, or income of those
5 reserves are exempt from state, county, municipal, or other local
6 tax and **ARE** subject to the public employee retirement benefit
7 protection act, 2002 PA 100, MCL 38.1681 TO 38.1689.

8 (2) **BEGINNING JANUARY 1, 2012, A RETIREMENT ALLOWANCE, AN**
9 **OPTIONAL BENEFIT, OR ANY OTHER BENEFIT ACCRUED OR ACCRUING TO A**
10 **PERSON UNDER THIS ACT IS SUBJECT TO STATE TAX UPON DISTRIBUTION TO**

1 **THE PERSON FROM THE VARIOUS FUNDS CREATED BY THIS ACT.**

2 (3) ~~(2)~~—The retirement system may offset retirement benefits
3 or refunds payable under this act against amounts owed to the
4 retirement system by a member, retirant, retirement allowance
5 beneficiary, or refund beneficiary.

6 (4) ~~(3)~~—If the retirement system is required by the federal
7 government pursuant to a court order to transmit a part of a
8 member's contributions standing to the member's credit in the
9 reserve for employee contributions to a federal agency, the service
10 credit that is covered by the payment shall be forfeited in the
11 same manner as if the employee had requested and been paid a refund
12 of the member's most recent contributions.