



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4739 (Substitute H-1 as passed by the House)

Sponsor: Representative Tom Alley

House Committee: Appropriations

Senate Committee: Appropriations

Date Completed: 3-12-96

CONTENT

The bill would amend the State Police Retirement Act (Public Act 182 of 1986) to provide that beginning April 1, 1996, a retirant or retirant allowance beneficiary of a deceased retirant would receive a retirement allowance that would be not less than the product of \$36 and the number of months of credited service under the Retirement Act, an amount which could not be less than \$6,000 per annum or more than \$10,800 per annum. This provision would replace the requirement in current law that a retirant allowance be not less than \$500 per month (or \$6,000 annually). The bill provides that the recalculated allowance under the bill would have to be the basis upon which all future adjustments to the retirement allowance were calculated.

The bill also provides that beginning October 1, 1996, the retirant allowance of a retirant or a beneficiary of a retirant who had been retired for 12 months, would have to be increased each October 1, by 2% (up to a \$500 per year maximum) for those not already benefiting from such an annual increase.

MCL 38.1640 & 38.1640a

FISCAL IMPACT

The annual fiscal impact of changing the minimum yearly retirement payout for retirants by taking the product of \$36 and the number of months of service and providing a permanent 2% COLA for all retirees of the State Police retirement system, is estimated to be \$1,692,600 in GF/GP funds and is summarized in the table below.

The estimated payroll for the affected personnel of the Department for FY 1995-96 is \$108.5 million.

Provision in H.B. 4739 (H-2)	Increase in Contribution Rate	Total Contribution Rate (including H.B. 4739 (H-2))	Total Pension Contribution	Amount of Increase in Contribution
Current Plan	N/A	30.16	\$32,723,600	N/A
(1) New minimum based upon \$36/mo.	0.24	30.40	32,984,000	\$260,400
(2) 2% COLA	1.32	31.48	34,155,800	1,432,200
TOTAL	1.56	31.72	34,416,200	1,692,600

Fiscal Analyst: B. Baker

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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.