

Legislative Analysis



ROAD AGENCY COMPLIANCE & REPORTING

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House Bill 5301 (S-1)

Sponsor: Rep. Amanda Price

House Bill 5302 (S-1)

Sponsor: Rep. Roy Schmidt

House Bill 5313 (S-1)

Sponsor: Rep. Bradford Jacobsen

Committee: Transportation

Complete to 12-13-12

A SUMMARY OF HOUSE BILLS 5301, 5302, & 5313, AS PASSED BY THE SENATE 12-12-2012

House Bills 5301, 5302, and 5313 would establish new requirements for certain counties, county road commissions, and other local road agencies (cities and villages). The requirements in the three bills are effectively the same. The three bills amend three different acts in order to cover agencies established under the different acts.

House Bill 5301 would amend the 1966 PA 293, the act that provided for charter counties in Michigan. House Bill 5313 would amend the 1973 PA 139, the act that provided for optional unified form of county government in Michigan. House Bill 5302 would amend the 1951 PA 51, the act that generally governs transportation funding in Michigan. House Bill 5302 would establish the new requirements on "local road agencies," a defined term under a companion bill, House Bill 5303.

The primary difference between the House-passed bills and the Senate-passed bills is that the Senate-passed bills indicate that certain provisions regarding transportation employee pension plans do not apply to years of service accrued prior to September 30, 2013, or to contracts entered into prior to September 30, 2013. In addition, the Senate-passed bills modify road agency reporting requirements.

The specific requirements of the bills are as follows:

Certification

Subsection (1) of all three bills requires that, beginning September 30, 2014, each agency annually certify to the Michigan Department of Transportation that it satisfies certain specified conditions:

(a) The local road agency has developed and publicized a transportation employee compensation plan that the local road agency intends to implement with any new, modified, or extended contract or employment agreements for transportation employees

not covered under contract or employment agreement. The bills require that transportation employee compensation plan be posted on a publicly accessible internet site and be submitted to the department. The bills require that the transportation employee compensation plan include all of the following:

- New transportation employee hires who are eligible for retirement plans are placed on retirement plans that cap annual employer contributions at 10% of base salary for employees who are eligible for social security benefits, and at 16.2 of base salary for employees who not eligible for social security benefits.
- For defined benefit pension plans, the bills limit the maximum multiplier to 1.5% for all transportation employees who are eligible for social security benefits, except, if postemployment health care is not provided, the maximum multiplier would be 2.25%. For all transportation employees who are not eligible for social security benefits, the bills limit the maximum multiplier to 2.25%, except, if postemployment health care is not provided, the maximum multiplier would be 3.0%. The Senate-passed bills indicate that this provision does not apply to years of service accrued prior to September 30, 2013, or to contracts entered into prior to September 30, 2013.
- For defined benefit pension plans, the bills require that the final average compensation for all transportation employees be calculated using a minimum of 3 years of compensation and not including more than a total of 240 hours of paid leave. The bills direct that overtime hours not be used in computing the final average compensation for a transportation employee. The Senate-passed bills indicate that this provision does not apply to years of service accrued prior to September 30, 2013, or to contracts entered into prior to September 30, 2013.
- Health care premium costs for new transportation employee hires must include a minimum 20% employee share, or an employer's share of the local health care plan costs must be cost competitive with the new state preferred provider organization health plan, on a per-transportation-employee basis.
- For agencies that offer medical benefits to its transportation employees, that the agency is in compliance with the Publicly Funded Health Insurance Contribution Act, 2011 PA 152, MCL 15.561 to 15.569. (This new act, generally speaking, limits the amount that public employers can contribute to employee medical benefit plans.) If the agency does not offer medical benefits, the bills require the agency to so certify. The Senate-passed bills indicate that this provision does not apply to dental and vision coverage.

Penalty for Non-Compliance

Subsection (2) of all three bills indicates that if an agency does not make the required certification, the department must withhold all distributions from the Michigan Transportation Fund.

Website/Dashboard

Subsection (3) of all the bills directs that each agency maintain a searchable website that includes agency budgetary information, employee data, a financial performance

"dashboard," contact information on the governing body of the county road agency, and a copy of the certification required under subsection (1).

The bill permits the agency to develop and operate its own website or to use certain other designated websites to provide the information required under subsection (3).

The Bills

With regard to House Bill 5301 the bill would apply to the "county road agency" that functions as a county road commission in counties organized under 1966 PA 293, the act which provided for charter counties in Michigan. There are two counties organized under that act, **Wayne County and Macomb County**.

With regard to House Bill 5313 the bill would apply to the "county road agency" that functions as a county road commission in counties organized under 1973 PA 139, the act which provided for optional unified form of county government in Michigan. There are two counties organized under that act, **Oakland County and Bay County**.

With regard to House Bill 5302, the bill would apply to the "local road agencies." House Bill 5302 references the definition of "local road agency" used currently in Section 9a of 1951 PA 51, i.e. "local road agency" means a county road commission or designated county road agency or city or village responsible for the construction or maintenance of public roads within the state.

FISCAL IMPACT:

The bills would impose various requirements on local road agencies. It is not clear to what extent those agencies are already in compliance with the requirements related to employee retirement plans and medical care benefits. The most significant impact would appear to be the imposition of new reporting requirements on local road agencies.

The additional costs related to these reporting requirements, including the development of local agency websites cannot be readily estimated at this time.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.