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House Bills 4309 through 4312 (as passed by the House)

House Bill 4534 (as passed by the House)

Sponsor: Representative Eileen Kowall (H.B. 4309)

Representative Cindy Denby (H.B. 4310)

Representative Paul Opsommer (H.B. 4311)

Representative Thomas Hooker (H.B. 4312)

Representative Nancy Jenkins (H.B. 4534)

House Committee: Local, Intergovernmental, and Regional Affairs

Senate Committee: Reforms, Restructuring, and Reinventing

Date Completed: 6-13-11

## **CONTENT**

**The bills would amend various acts that pertain to the consolidation of municipal services, to eliminate provisions that require labor agreements to be recognized, require employees to have the same seniority and benefits, or require members and beneficiaries of pension systems or other benefits to have the same rights and benefits, following a transfer of personnel.**

House Bill 4309 would amend Public Act 57 of 1988, which allows municipalities to incorporate emergency services authorities. House Bill 4310 would amend the Metropolitan Transportation Authorities Act. House Bill 4311 would amend Public Act 8 of 1967 (Extra Session), which allows intergovernmental transfers of functions and responsibilities. House Bill 4312 would amend the Urban Cooperation Act. House Bill 4534 would amend Public Act 425 of 1984, which allows the conditional transfer of property for an economic development project.

### **House Bill 4309**

Public Act 57 of 1988 allows two or more municipalities (counties, cities, villages, and townships) to incorporate an authority to provide emergency services to the municipalities. Emergency services include fire protection services, emergency medical services, police protection, and any other emergency health or safety services designated in an authority's articles of incorporation.

If the duties of municipal emergency service employees are transferred to an authority formed under the Act, they must maintain their seniority status and all benefit rights of the position held before the transfer. The bill would delete this provision.

Also, when employees' duties are transferred to an authority, the authority is bound by any existing labor agreements applicable to the emergency service for the remainder of the term of the agreements. The members and beneficiaries of any pension or retirement system or other benefits established by a municipal emergency service that is transferred must have the same rights, privileges, benefits, obligations, and status with respect to the comparable systems established by the authority. The bill would delete these provisions.

### **House Bill 4310**

The Metropolitan Transportation Authority Act allows the creation of regional transportation authorities and applies to the City of Detroit, Wayne County, and surrounding counties. The Suburban Mobility Authority for Regional Transportation (SMART) operates under the Act.

The Act requires the authority to be bound by existing labor union agreements with the public or privately owned entities that it acquires, purchases, or condemns. Members and beneficiaries of any pension or retirement system or other benefits established by the acquired transportation system must continue to have rights, privileges, benefits, obligations, and status with respect to the established system. The authority board must assume the obligation of any transportation system it acquires with regard to wages, salaries, hours, working conditions, sick leave, health and welfare, and pension or retirement provisions for employees. The bill would delete those requirements.

Under the Act, no employee of any acquired transportation system who is transferred to a position with the authority may, because of the transfer, be placed in any worse position with respect to workers' compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance, or any other benefits that he or she had as an employee of the acquired system. The bill would delete that provision.

### **House Bills 4311 & 4312**

Public Act 8 of 1967 (Extra Session) authorizes two or more political subdivisions to enter into a contract providing for the transfer of functions or responsibilities to one another or any combination of them. A contract must contain specific information, including the manner in which affected employees, if any, of the participating political subdivisions will be transferred, reassigned, or otherwise treated.

The Urban Cooperation Act authorizes a public agency of Michigan to exercise jointly with any other public agency of Michigan, of any other U.S. state, of Canada, or of the U.S. government any power, privilege, or authority that the agencies have in common and each may exercise separately. A joint exercise of power must be made by contract in the form of an interlocal agreement, which may provide for the manner of employing, engaging, compensating, transferring, or discharging necessary personnel, subject to the provisions of applicable civil service and merit systems.

Under each Act, employees who are necessary for the operation of the contract or undertaking must be transferred and appointed as employees subject to all rights and benefits, and must be given seniority credits and sick leave, vacation, insurance, and pension credits in accordance with the records or labor agreements from the acquired system. Members and beneficiaries of any pension or retirement system or other benefits established by that system must continue to have rights, privileges, benefits, obligations, and status with respect to the established system. The political subdivision to which the functions or responsibilities have been transferred must assume the obligations of any system it acquires with regard to wages, salaries, hours, working conditions, sick leave, health and welfare, and pension or retirement provisions for employees. The bills would delete those requirements.

Also, under each Act, an employee who is transferred to a position with the political subdivision may not, by reason of the transfer, be placed in any worse position with respect to workers' compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance, or any other benefits he or she had as an employee of the acquired system. The bills would delete those provisions.

## **House Bill 4534**

Public Act 425 of 1984 allows two or more local units (cities, townships, and villages) to transfer property conditionally for up to 50 years for an economic development project. If applicable to the transfer, a contract under the Act may provide for the manner of employing, engaging, compensating, transferring, or discharging personnel required for the project, subject to the provisions of applicable civil service and merit systems. The bill would delete this reference to civil service and merit systems.

An employee who is transferred may not, by reason of the transfer, be placed in any worse position with respect to workers' compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance, or any other benefits that he or she had before the transfer. The bill would delete this provision.

MCL 124.610 (H.B. 4309)  
124.413 (H.B. 4310)  
124.534 (H.B. 4311)  
124.505 (H.B. 4312)  
124.26 (H.B. 4534)

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bills would have no effect on local unit revenue but could have an indeterminate impact on local units. Cooperative and collaborative efforts are traditionally pursued to lower the total cost of an activity or activities, although such efforts can result in changes in the relative distribution of costs across the entities involved. Generally, the bills would be expected to reduce local unit expenditures by an unknown amount that would depend on the local units involved, the nature the activities involved, and the new terms of any labor agreements. While the bills would allow labor agreements made after a cooperative or collaborative effort to contain different terms than those required under current law, it is unclear the extent to which employees could be affected under their current agreements. For example, it is unclear whether local units could exercise provisions allowing the termination or early modification of such agreements in order to create new agreements based on what the bills would allow.

The bills would have no direct fiscal impact on State government. On a secondary level, to the extent that the bills lowered local unit expenses, the Legislature could consider that factor when appropriating revenue sharing payments. Similarly, to the extent that the bills resulted in lower wages and/or benefits, they could affect sales tax and income tax receipts.

Fiscal Analyst: David Zin

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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.