

HOUSE BILL No. 4199

February 17, 2015, Introduced by Rep. Somerville and referred to the Committee on
Financial Liability Reform.

A bill to prohibit certain terms in public employment contracts; to prohibit severance pay for voluntary termination of employment; to limit contract terms and payments for early termination of certain contracts; and to provide for civil fines.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "public employee severance pay regulation act".

3 Sec. 2. As used in this act, "severance pay" means
4 compensation that is payable or paid upon the termination of
5 employment that is in addition to any wages earned or generally
6 applicable retirement benefit.

7 Sec. 3. This state, a local unit of government, or any other
8 public employer in this state shall not include a provision in an
9 employment contract that provides for, and shall not pay, severance

1 pay to a public employee who voluntarily terminates public
2 employment, except in the following situations:

3 (a) The employee meets the conditions to leave the employment
4 under a reduction-in-force plan or early retirement agreement that
5 includes a severance payment.

6 (b) The employee qualifies for the payment under a general
7 policy adopted for employees in the state classified service or by
8 a merit system of a local unit of government.

9 (c) The public employer initiates the not-for-cause
10 termination.

11 Sec. 4. This state, a local unit of government, or any other
12 public employer in this state shall not pay severance pay under a
13 contract for services upon early termination of the contract, if
14 the early termination is instigated by the contractor. A contract
15 entered into on or after April 1, 2015 shall not provide for
16 payment of severance pay in violation of this act. This section
17 does not prohibit a contract term providing for or payment of a
18 bonus for early completion of a contract for the production of a
19 deliverable.

20 Sec. 5. A public employee or officer who authorizes a contract
21 term or payment in violation of this act is responsible for a civil
22 fine of not more than \$25,000.00. The attorney general or the
23 attorney for the local unit of government may bring an action in
24 the circuit court for a violation of this act. A civil fine
25 collected under this section shall be submitted to the state
26 treasurer for deposit in the general fund of this state.