

**SUBSTITUTE FOR
SENATE BILL NO. 6**

A bill to amend 1978 PA 390, entitled

"An act to regulate the time and manner of payment of wages and fringe benefits to employees; to prescribe rights and responsibilities of employers and employees, and the powers and duties of the department of labor; to require keeping of records; to provide for settlement of disputes regarding wages and fringe benefits; to prohibit certain practices by employers; to prescribe penalties and remedies; and to repeal certain acts and parts of acts,"

by amending sections 1, 7, 11, 13, 13a, 14, 15, 18, and 19 (MCL 408.471, 408.477, 408.481, 408.483, 408.483a, 408.484, 408.485, 408.488, and 408.489), section 1 as amended by 2016 PA 18, section 7 as amended by 2023 PA 243, and section 13a as added by 1982 PA 524, and by adding sections 13c and 13d.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:



GSS

S01104'25 (S-1)



imgplo

1 Sec. 1. As used in this act:

2 (a) "Department" means the department of ~~licensing and~~
3 ~~regulatory affairs.~~ **labor and economic opportunity.**

4 (b) "Employ" means to engage or permit to work.

5 (c) "Employee" means an individual employed by an employer.
6 **Employee does not include an independent contractor.**

7 (d) "Employer" means an individual, sole proprietorship,
8 partnership, association, or corporation, public or private; this
9 state or an agency of this state; a city, county, village,
10 township, school district, or intermediate school district; an
11 institution of higher education; or an individual acting directly
12 or indirectly in the interest of an employer ~~who~~ **that** employs 1 or
13 more individuals. Except as specifically provided in the franchise
14 agreement, as between a franchisee and franchisor, the franchisee
15 is considered the sole employer of workers for whom the franchisee
16 provides a benefit plan or pays wages.

17 (e) "Fringe benefits" means compensation due an employee
18 pursuant to a written contract or written policy for ~~holiday, time~~
19 **off for holidays**, time off for sickness or injury, time off for
20 personal reasons or vacation, bonuses, authorized expenses incurred
21 during the course of employment, and contributions made on behalf
22 of an employee.

23 (f) "Independent contractor" means an individual determined to
24 **be an independent contractor under section 13c(2).**

25 (g) "Payer" means a person that pays remuneration to an
26 **independent contractor for work the independent contractor performs**
27 **for the payer.**

28 (h) ~~(f)~~ "Wages" means all earnings of an employee whether
29 determined on the basis of time, task, piece, commission, or other



1 method of calculation for labor or services. ~~except those defined~~
 2 ~~as~~ **Wages does not include** fringe benefits. ~~under subdivision (c)~~
 3 ~~above.~~

4 Sec. 7. (1) Except for those deductions required or expressly
 5 permitted by law or by a collective bargaining agreement, an
 6 employer shall not deduct from the wages of an employee, directly
 7 or indirectly, any amount including an employee contribution to a
 8 separate segregated fund established by a corporation or labor
 9 organization under section 55 of the Michigan campaign finance act,
 10 1976 PA 388, MCL 169.255, without the full, free, and written
 11 consent of the employee, obtained without intimidation or fear of
 12 discharge for refusal to permit the deduction.

13 (2) Except as provided in this subsection and subsections (4)
 14 and (5), a deduction for the benefit of the employer requires
 15 written consent from the employee for each wage payment subject to
 16 the deduction, and the cumulative amount of the deductions must not
 17 reduce the gross wages paid to a rate less than the minimum rate as
 18 prescribed in the improved workforce opportunity wage act, 2018 PA
 19 337, MCL 408.931 to 408.945. A nonprofit organization shall obtain
 20 a written consent from an employee for deductions to that nonprofit
 21 organization that qualify as charitable contributions under federal
 22 law. However, this subsection does not require the nonprofit
 23 organization to obtain from an employee a separate written consent
 24 for each subsequent paycheck from which deductions that qualify as
 25 charitable contributions that benefit the employer are made. An
 26 employee at any time may rescind in writing ~~his or her the~~
 27 **employee's** authorization to have charitable contributions deducted
 28 from ~~his or her the employee's~~ paycheck. As used in this
 29 subsection, "nonprofit organization" means an organization that is



1 exempt from taxation under section 501(c)(3) of the internal
2 revenue code of 1986, 26 USC ~~501(c)(3)~~. **501.**

3 (3) Each deduction from the wages of an employee must be
4 substantiated in the records of the employer and must be identified
5 as pertaining to an individual employee. Prorating of deductions
6 between 2 or more employees is not permitted.

7 (4) Not later than 6 months after making an overpayment of
8 wages or fringe benefits that are paid directly to an employee, an
9 employer may deduct the overpayment from the employee's regularly
10 scheduled wage payment without the written consent of the employee
11 if all of the following conditions are met:

12 (a) The overpayment resulted from a mathematical
13 miscalculation, typographical error, clerical error, or misprint in
14 the processing of the employee's regularly scheduled wages or
15 fringe benefits.

16 (b) The miscalculation, error, or misprint described in
17 subdivision (a) was made by the employer, the employee, or a
18 representative of the employer or employee.

19 (c) The employer provides the employee with a written
20 explanation of the deduction at least 1 pay period before the wage
21 payment affected by the deduction is made.

22 (d) The deduction is not greater than 15% of the gross wages
23 earned in the pay period in which the deduction is made.

24 (e) The deduction is made after the employer has made all
25 deductions expressly permitted or required by law or a collective
26 bargaining agreement, and after any employee-authorized deduction.

27 (f) The deduction does not reduce the regularly scheduled
28 gross wages otherwise due the employee to a rate that is less than
29 the greater of either of the following:



1 (i) The minimum rate as prescribed by subsection (2).

2 (ii) The minimum rate as prescribed by the fair labor standards
3 act of 1938, 29 USC 201 to 219.

4 (5) If an employer pays any amount of the employee's debt
5 under a default judgment entered under section 4012(9) or (10) of
6 the revised judicature act of 1961, 1961 PA 236, MCL 600.4012, the
7 employer may deduct that amount from the employee's regularly
8 scheduled wage payment without the written consent of the employee
9 if all of the following conditions are met:

10 (a) The employer provides the employee with a written
11 explanation of the deduction at least 1 pay period **or 10 business**
12 **days, whichever is greater**, before the wage payment affected by the
13 deduction is made.

14 (b) The deduction is not greater than 15% of the gross wages
15 earned in the pay period in which the deduction is made.

16 (c) The deduction is made after the employer has made all
17 deductions expressly permitted or required by law or a collective
18 bargaining agreement, and after any employee-authorized deduction.

19 (d) The deduction does not reduce the regularly scheduled
20 gross wages otherwise due the employee to a rate that is less than
21 the greater of either of the following:

22 (i) The minimum rate as prescribed by subsection (2).

23 (ii) The minimum rate as prescribed by the fair labor standards
24 act of 1938, 29 USC 201 to 219.

25 (6) An employee who believes ~~his or her~~ **the employee's**
26 employer has violated subsection (4) or (5) may file a complaint
27 with the department not later than 12 months after the date of the
28 alleged violation.

29 (7) As used in this section, "employer" means an individual,



sole proprietorship, partnership, association, or corporation,
 public or private, this state or an agency of this state, a city,
 county, village, township, school district, or intermediate school
 district, an institution of higher education, or an individual
 acting directly or indirectly in the interest of an employer ~~who~~
that employs 1 or more individuals.

Sec. 11. (1) An employee who believes that ~~his or her~~ **the**
employee's employer has violated this act may file a written
 complaint with the department ~~within~~ **not later than** 12 months after
 the alleged violation. A complaint filed under section 13(2) ~~shall~~
must be filed ~~within~~ **not later than** 30 days after the alleged
 violation. ~~occurs. Bilingual~~ **The department shall provide bilingual**
 complaint forms ~~shall be provided by the department~~ in those areas
 where substantial numbers of ~~non-English speaking~~ **non-English-**
speaking employees are employed.

(2) ~~Within~~ **Not later than** a reasonable **amount of** time after a
 complaint is filed, the department shall notify the employer and
 investigate the claim, and ~~shall attempt to~~ **may** informally resolve
 the dispute.

(3) If the department is unable to informally resolve the
 dispute, the department shall notify the employer and employee
~~within~~ **not later than** 90 days after the complaint is filed. The
 notification ~~shall~~ **must** include a determination of the merits of
 the complaint and ~~shall~~ cite the specific violation, if any, wages
 and fringe benefits due, and specific penalties assessed.

(4) The employer or employee may request a review of the
 department's determination ~~within~~ **not later than** 14 days after **the**
department issues notification ~~is issued. of its determination.~~ If
the department does not receive a request for a review by ~~either~~



1 the employer or employee ~~is not received by the department~~ within
 2 ~~14 days, that 14-day period~~, in the absence of a showing of good
 3 cause for a late request, the department's determination is final.

4 (5) For the purpose of an investigation or proceeding under
 5 this act, the director of ~~labor~~ **the department** or ~~an authorized~~
 6 ~~representative of the director~~ **director's designee** may administer
 7 oaths and affirmations, subpoena witnesses, ~~and~~ and compel their
 8 attendance, take evidence, and require the production of records or
 9 other documents ~~which that~~ the department considers relevant or
 10 material to the inquiry.

11 (6) The employee, **the** employer, and the department ~~shall must~~
 12 be parties to a proceeding before a hearings officer brought
 13 ~~pursuant to under~~ this section.

14 (7) The director shall appoint hearings officers to make
 15 determinations in proceedings brought ~~pursuant to under~~ this
 16 section. All proceedings in a hearing ~~shall must~~ be conducted
 17 ~~pursuant to the procedures applicable to the trial of as~~ contested
 18 cases under ~~Act No. 306 of the Public Acts of 1969, as amended,~~
 19 ~~being sections 24.201 to 24.315 of the Michigan Compiled Laws. the~~
 20 **administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to**
 21 **24.328**. The hearings officer shall affirm, modify, or rescind the
 22 order of the department and may assess costs as provided in section
 23 18(3).

24 (8) The hearings officer shall issue a determination, which
 25 ~~constitutes is~~ a final disposition of the proceedings, to each
 26 party ~~within not later than~~ 30 days after the conclusion of the
 27 hearing. The determination of the hearings officer ~~shall become~~
 28 **becomes** the final ~~agency department~~ order upon receipt by the
 29 parties.



(9) A party to the proceeding may obtain judicial review ~~of the determination of the hearings officer pursuant to Act No. 306 of the Public Acts of 1969, as amended.~~ **officer's determination in accordance with the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.** Venue for an appeal under this act ~~shall~~ **is proper** only ~~be~~ in the circuit where the employee is a resident, ~~where the employment occurred, or where the employer has a~~ principal place of business.

(10) **If requested by an employee who files a complaint against an employer under this section, the department shall, to the extent allowed by law, not disclose to the employer the identity of the employee.**

Sec. 13. (1) An employer shall not discharge, ~~an employee~~ **retaliate against,** or **otherwise** discriminate against an employee because the employee filed a complaint, instituted or caused to be instituted a proceeding under or regulated by this act, **or** testified or is about to testify in a proceeding ~~, or~~ because of the exercise by the employee on behalf of an employee or others of a right afforded by this act.

(2) An employee who believes that ~~he or she~~ **the employee** is discharged, ~~or retaliated against,~~ **or** otherwise discriminated against by an employer in violation of this section may file a complaint with the department alleging the **discharge, retaliation,** **or** discrimination ~~within not later than~~ 30 days after the violation. ~~occurs.~~ Upon receipt of the complaint, the department shall cause an investigation to be made. If, upon **completing** the investigation, the department determines that this section was violated, the department shall order the rehiring or reinstatement of an employee to ~~his or her~~ **the employee's** former position with



1 back pay.

2 (3) An employer may seek review of the department's
3 determination by following the procedure provided in section 11(4)
4 to (9).

5 Sec. 13a. ~~(1)~~—An employer shall not do any of the following:

6 (a) Require as a condition of employment nondisclosure by an
7 employee of ~~his or her~~ **the employee's** wages.

8 (b) Require an employee to sign a waiver or other document
9 which purports to deny an employee the right to disclose ~~his or her~~
10 **the employee's** wages.

11 (c) Discharge, formally discipline, or otherwise discriminate
12 against for job advancement an employee who discloses ~~his or her~~
13 **the employee's** wages.

14 (d) Not later than 30 days after an employee's request, fail
15 to provide the employee with wage information for similarly
16 situated employees covering a period of not more than 3 years
17 before the date of the request. The employer may redact the names
18 of similarly situated employees, but shall provide information
19 about the sex and seniority of similarly situated employees for
20 whom wage information is provided. As used in this subdivision:

21 (i) "Similarly situated employees" means employees who are
22 within the same job classification as the employee requesting the
23 information or whose duties are comparable in skill, effort,
24 responsibility, working conditions, and training to those of the
25 requesting employee.

26 (ii) "Wage information" includes salary and hourly wage
27 information as well as information about bonus pay, overtime pay,
28 and other forms of compensation provided by the employer.

29 Sec. 13c. (1) A person shall not classify, report, or treat an



1 employee as an independent contractor. A person that is alleged to
2 have violated this section has the burden of proving, by a
3 preponderance of the evidence, that the person did not classify,
4 report, or treat the employee as an independent contractor.

5 (2) Whether an individual is an independent contractor is
6 determined as follows:

7 (a) If the individual works in an industry assigned a North
8 American Industry Classification System code within sector 23, all
9 of the following apply to the individual:

10 (i) The individual performs work for a payer for remuneration.

11 (ii) The individual is free from control and direction of the
12 payer in connection with the performance of the work, both under a
13 contract and in fact.

14 (iii) The individual performs work that is outside the usual
15 course of the payer's business.

16 (iv) The individual is customarily engaged in an independently
17 established trade, occupation, or business of the same work
18 performed by the individual for the payer.

19 (b) If the individual works in an industry other than the
20 industry described in subdivision (a), by using the economic
21 realities test under 29 CFR 795.110, as it exists on May 6, 2025,
22 incorporated as follows:

23 "§ 795.110 Economic reality test to determine economic
24 dependence.

25 (a) Economic reality test.

26 (1) In order to determine economic dependence, multiple
27 factors assessing the economic realities of the working
28 relationship are used. These factors are tools or guides to conduct
29 a totality-of-the-circumstances analysis. This means that the



1 outcome of the analysis does not depend on isolated factors but
2 rather upon the circumstances of the whole activity to answer the
3 question of whether the worker is economically dependent on the
4 potential employer for work or is in business for themself.

5 (2) The six factors described in paragraphs (b) (1) through (6)
6 of this section should guide an assessment of the economic
7 realities of the working relationship and the question of economic
8 dependence. Consistent with a totality-of-the-circumstances
9 analysis, no one factor or subset of factors is necessarily
10 dispositive, and the weight to give each factor may depend on the
11 facts and circumstances of the particular relationship. Moreover,
12 these six factors are not exhaustive. As explained in paragraph
13 (b) (7) of this section, additional factors may be considered.

14 (b) Economic reality factors –

15 (1) Opportunity for profit or loss depending on managerial
16 skill. This factor considers whether the worker has opportunities
17 for profit or loss based on managerial skill (including initiative
18 or business acumen or judgment) that affect the worker's economic
19 success or failure in performing the work. The following facts,
20 among others, can be relevant: whether the worker determines or can
21 meaningfully negotiate the charge or pay for the work provided;
22 whether the worker accepts or declines jobs or chooses the order
23 and/or time in which the jobs are performed; whether the worker
24 engages in marketing, advertising, or other efforts to expand their
25 business or secure more work; and whether the worker makes
26 decisions to hire others, purchase materials and equipment, and/or
27 rent space. If a worker has no opportunity for a profit or loss,
28 then this factor suggests that the worker is an employee. Some
29 decisions by a worker that can affect the amount of pay that a



1 worker receives, such as the decision to work more hours or take
2 more jobs when paid a fixed rate per hour or per job, generally do
3 not reflect the exercise of managerial skill indicating independent
4 contractor status under this factor.

5 (2) Investments by the worker and the potential employer. This
6 factor considers whether any investments by a worker are capital or
7 entrepreneurial in nature. Costs to a worker of tools and equipment
8 to perform a specific job, costs of workers' labor, and costs that
9 the potential employer imposes unilaterally on the worker, for
10 example, are not evidence of capital or entrepreneurial investment
11 and indicate employee status. Investments that are capital or
12 entrepreneurial in nature and thus indicate independent contractor
13 status generally support an independent business and serve a
14 business-like function, such as increasing the worker's ability to
15 do different types of or more work, reducing costs, or extending
16 market reach. Additionally, the worker's investments should be
17 considered on a relative basis with the potential employer's
18 investments in its overall business. The worker's investments need
19 not be equal to the potential employer's investments and should not
20 be compared only in terms of the dollar values of investments or
21 the sizes of the worker and the potential employer. Instead, the
22 focus should be on comparing the investments to determine whether
23 the worker is making similar types of investments as the potential
24 employer (even if on a smaller scale) to suggest that the worker is
25 operating independently, which would indicate independent
26 contractor status.

27 (3) Degree of permanence of the work relationship. This factor
28 weighs in favor of the worker being an employee when the work
29 relationship is indefinite in duration, continuous, or exclusive of



1 work for other employers. This factor weighs in favor of the worker
2 being an independent contractor when the work relationship is
3 definite in duration, non-exclusive, project-based, or sporadic
4 based on the worker being in business for themselves and marketing
5 their services or labor to multiple entities. This may include
6 regularly occurring fixed periods of work, although the seasonal or
7 temporary nature of work by itself would not necessarily indicate
8 independent contractor classification. Where a lack of permanence
9 is due to operational characteristics that are unique or intrinsic
10 to particular businesses or industries and the workers they employ,
11 this factor is not necessarily indicative of independent contractor
12 status unless the worker is exercising their own independent
13 business initiative.

14 (4) Nature and degree of control. This factor considers the
15 potential employer's control, including reserved control, over the
16 performance of the work and the economic aspects of the working
17 relationship. Facts relevant to the potential employer's control
18 over the worker include whether the potential employer sets the
19 worker's schedule, supervises the performance of the work, or
20 explicitly limits the worker's ability to work for others.
21 Additionally, facts relevant to the potential employer's control
22 over the worker include whether the potential employer uses
23 technological means to supervise the performance of the work (such
24 as by means of a device or electronically), reserves the right to
25 supervise or discipline workers, or places demands or restrictions
26 on workers that do not allow them to work for others or work when
27 they choose. Whether the potential employer controls economic
28 aspects of the working relationship should also be considered,
29 including control over prices or rates for services and the



1 marketing of the services or products provided by the worker.
2 Actions taken by the potential employer for the sole purpose of
3 complying with a specific, applicable Federal, State, Tribal, or
4 local law or regulation are not indicative of control. Actions
5 taken by the potential employer that go beyond compliance with a
6 specific, applicable Federal, State, Tribal, or local law or
7 regulation and instead serve the potential employer's own
8 compliance methods, safety, quality control, or contractual or
9 customer service standards may be indicative of control. More
10 indicia of control by the potential employer favors employee
11 status; more indicia of control by the worker favors independent
12 contractor status.

13 (5) Extent to which the work performed is an integral part of
14 the potential employer's business. This factor considers whether
15 the work performed is an integral part of the potential employer's
16 business. This factor does not depend on whether any individual
17 worker in particular is an integral part of the business, but
18 rather whether the function they perform is an integral part of the
19 business. This factor weighs in favor of the worker being an
20 employee when the work they perform is critical, necessary, or
21 central to the potential employer's principal business. This factor
22 weighs in favor of the worker being an independent contractor when
23 the work they perform is not critical, necessary, or central to the
24 potential employer's principal business.

25 (6) Skill and initiative. This factor considers whether the
26 worker uses specialized skills to perform the work and whether
27 those skills contribute to business-like initiative. This factor
28 indicates employee status where the worker does not use specialized
29 skills in performing the work or where the worker is dependent on



1 training from the potential employer to perform the work. Where the
2 worker brings specialized skills to the work relationship, this
3 fact is not itself indicative of independent contractor status
4 because both employees and independent contractors may be skilled
5 workers. It is the worker's use of those specialized skills in
6 connection with business-like initiative that indicates that the
7 worker is an independent contractor.

8 (7) Additional factors. Additional factors may be relevant in
9 determining whether the worker is an employee or independent
10 contractor for purposes of the FLSA, if the factors in some way
11 indicate whether the worker is in business for themselves, as opposed
12 to being economically dependent on the potential employer for
13 work."

14 (3) A person that, with the intent to defraud, violates this
15 section is guilty of a misdemeanor punishable by a fine of not more
16 than \$1,000.00, or imprisonment for not more than 1 year, or both.

17 Sec. 13d. (1) The wages and fringe benefits fund is created in
18 the state treasury.

19 (2) The state treasurer shall deposit money and other assets
20 received from any source into the fund. The state treasurer shall
21 direct the investment of the money in the fund and credit interest
22 and earnings from the investments to the fund.

23 (3) Money in the fund at the close of the fiscal year must
24 remain in the fund and not lapse to the general fund.

25 (4) The department is the administrator of the fund for
26 auditing purposes.

27 (5) The department shall expend money from the fund, upon
28 appropriation, only to enforce this act.

29 Sec. 14. (1) ~~An~~ Except as provided in subsection (2), an



1 employer ~~who~~ **that** violates this act ~~, including failure to pay the~~
 2 ~~wages and fringe benefits due an employee as provided in this act,~~
 3 is guilty of a misdemeanor.

4 (2) An employer that violates section 13a a second or
 5 subsequent time is guilty of a felony punishable by imprisonment
 6 for not more than 2 years, a fine of not more than \$10,000.00, or
 7 both, for each violation.

8 Sec. 15. An employer ~~who,~~ **that**, with **the** intent to defraud,
 9 ~~fails to make payment of~~ **does not pay** the wages and fringe benefits
 10 due an employee as provided in this act ~~, is guilty of a~~
 11 ~~misdemeanor, crime~~ punishable by a fine of not more than \$1,000.00,
 12 ~~or imprisonment for not more than 1 year, or both.~~ **as follows:**

13 (a) Except as otherwise provided in this subdivision, if the
 14 wages and fringe benefits have a value of less than \$200.00, the
 15 employer is guilty of a misdemeanor punishable by imprisonment for
 16 not more than 93 days, a fine of not more than \$500.00 or 3 times
 17 the value of the wages and fringe benefits, whichever is greater,
 18 or both imprisonment and a fine. If the employer has 1 or more
 19 prior convictions under this section, the employer is guilty of a
 20 misdemeanor punishable by imprisonment for not more than 1 year, a
 21 fine of not more than \$2,000.00 or 3 times the value of the wages
 22 and fringe benefits, whichever is greater, or both imprisonment and
 23 a fine.

24 (b) Except as otherwise provided in this subdivision, if the
 25 wages and fringe benefits have a value of \$200.00 or more but less
 26 than \$1,000.00, the employer is guilty of a misdemeanor punishable
 27 by imprisonment for not more than 1 year, a fine of not more than
 28 \$2,000.00 or 3 times the value of the wages and fringe benefits,
 29 whichever is greater, or both imprisonment and a fine. If the



1 employer has 1 or more prior convictions under this section, the
2 employer is guilty of a felony punishable by imprisonment for not
3 more than 5 years, a fine of not more than \$10,000.00 or 3 times
4 the value of the wages and fringe benefits, whichever is greater,
5 or both imprisonment and a fine.

6 (c) Except as otherwise provided in this subdivision, if the
7 wages and fringe benefits have a value of \$1,000.00 or more but
8 less than \$20,000.00, the employer is guilty of a felony punishable
9 by imprisonment for not more than 5 years, a fine of not more than
10 \$10,000.00 or 3 times the value of the wages and fringe benefits,
11 whichever is greater, or both imprisonment and a fine. If the
12 employer has 2 or more prior convictions under this section, the
13 employer is guilty of a felony punishable by imprisonment for not
14 more than 10 years, a fine of not more than \$15,000.00 or 3 times
15 the value of the wages and fringe benefits, whichever is greater,
16 or both imprisonment and a fine.

17 (d) If the wages and fringe benefits have a value of
18 \$20,000.00 or more but less than \$50,000.00, the employer is guilty
19 of a felony punishable by imprisonment for not more than 10 years,
20 a fine of not more than 3 times the value of the wages and fringe
21 benefits, or both imprisonment and a fine.

22 (e) If the wages and fringe benefits have a value of
23 \$50,000.00 or more but less than \$100,000.00, the employer is
24 guilty of a felony punishable by imprisonment for not more than 15
25 years, a fine of not more than 3 times the value of the wages and
26 fringe benefits, or both imprisonment and a fine.

27 (f) If the wages and fringe benefits have a value of
28 \$100,000.00 or more, the employer is guilty of a felony punishable
29 by imprisonment for not more than 20 years, a fine of not more than



1 **3 times the value of the wages and fringe benefits, or both**
 2 **imprisonment and a fine.**

3 Sec. 18. (1) The department shall order an employer ~~who~~**that**
 4 violates section 2, 3, 4, 5, 6, 7, ~~or 8,~~ **or 13c** to pay the
 5 following:

6 (a) Wages due ~~to~~the employee.

7 (b) Fringe benefits due ~~to~~or on ~~the~~behalf of the employee in
 8 accordance with ~~the terms set forth in the~~ written contract or
 9 written policy.

10 (c) A penalty at the rate of ~~10%~~**100%** annually on the wages
 11 and fringe benefits due **the employee**, beginning at the time the
 12 employer is notified that a complaint has been filed and ending
 13 when payment is made.

14 (2) The department may order an employer ~~who~~**that** violates
 15 section 2, 3, 4, 5, 6, 7, ~~or 8,~~ **or 13c** to pay to the employee
 16 exemplary damages of not more than ~~twice~~**3 times** the amount of the
 17 wages and fringe benefits ~~which~~**that** were due **the employee**, if the
 18 violation is flagrant or repeated.

19 (3) The department may order an employer ~~who~~**that** violates
 20 section 2, 3, 4, 5, 6, 7, ~~or 8,~~ **or 13c** to pay attorney costs,
 21 hearing costs, and transcript costs.

22 (4) The department may assess a civil ~~penalty~~**fine** of not more
 23 than ~~\$1,000.00~~**\$10,000.00** against an employer ~~who~~**that** violates
 24 this act. ~~, which~~**The civil penalty shall** ~~fine must~~ be credited to
 25 the general fund of this state.

26 **(5) All of the following apply to an employer's violation of**
 27 **section 13c:**

28 (a) **If the department collects a penalty or damages from an**
 29 **employer for violating section 13c, the department shall, unless**



1 otherwise prohibited by law, pay to the affected employee 50% of
2 the money collected.

3 (b) The department shall order an employer that violates
4 section 13c to pay a penalty in an amount equal to the estimated
5 federal taxes and Medicare payments, if any, that would have been
6 due the employee if the employer had not violated section 13c.
7 Subject to subdivision (a) and unless otherwise prohibited by law,
8 money collected under this subdivision must be deposited into the
9 wages and fringe benefits fund created in section 13d.

10 (c) The department shall notify the department of treasury and
11 the unemployment insurance agency of the violation.

12 Sec. 19. The director of ~~labor~~ **the department** shall, and the
13 **attorney general may**, initiate, in the county where the violation
14 occurred, in ~~the county of~~ Ingham **County**, or in the county where
15 the employer has its principal office, the civil action necessary
16 to enforce an order of the department ~~which~~ **that** has become a final
17 agency order as prescribed in this act.

18 Enacting section 1. This amendatory act takes effect 90 days
19 after the date it is enacted into law.