

**SFA**

BILL ANALYSIS

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Senate Fiscal Agency

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Mich. State

Senate Bill 121 (Substitute S-2 as passed by the Senate)

Sponsor: Senator Jack Welborn

Committee: Human Resources and Senior Citizens

Date Completed: 7-5-89

**RATIONALE**

Although programs such as Social Security, workers' disability compensation and unemployment insurance are available to anyone who qualifies, some people, for religious reasons, choose not to participate in them, relying instead on "insurance" programs or group support systems established by their churches or religious organizations. For example, if a member of an Amish community is injured or disabled, the district Amish churches pay the medical bills and provide other support to the member. In deference to their religious tenets, the Federal government exempts such groups as the Amish from the otherwise mandatory participation in the Federal Social Security program provided they do not participate in any other public wage insurance program. It has been pointed out, therefore, that mandatory participation in the State's workers' disability compensation program not only conflicts with the beliefs and tenets of some religious organizations but jeopardizes their Federal exemption status as well. Some have suggested that such religious groups should be granted an exemption from the workers' compensation program.

**CONTENT**

The bill would amend the Worker's Disability Compensation Act to allow an employer who had received a Federal exemption from Social Security taxes due to membership in a recognized religious sect and adherence to the sect's tenets or teachings opposed to participation in

programs such as Social Security to file an application with the Director of the Bureau of Workers' Disability Compensation to be excluded from the workers' compensation system with respect to an employee who also had received a Federal exemption.

The application would have to include a written waiver by the employee of all compensation and other benefits under the Act. If the employee were a minor, the waiver and affidavit could be made by the minor's parent or guardian.

The application would have to be made on a form prescribed by the Director and would have to be approved if the Director determined that both the employer and the employee qualified for the Federal exemptions. An exclusion would remain valid unless either the employee or employer ceased to meet the Federal exemption requirements.

Proposed MCL 418.262

**FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

**ARGUMENTS****Supporting Argument**

The bill would help resolve the legal and moral dilemma that some religious

S.B. 121 (7-5-89)

organizations face when they find they must participate in the State workers' compensation program contrary to their religious tenets. Moreover, the bill would make it possible for such groups to adhere legally to the condition for receiving and retaining an exemption from the Federal Social Security program, i.e., no participation in any other public wage insurance program.

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