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House Bill 4464 (Substitute S-2 as reported)
Sponsor: Representative Michael E. Nye
House Committee: Judiciary and Civil Rights
Senate Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would amend the Correctional Industries Act to allow the use of inmate labor in certain private enterprises, specify which inmates would be eligible to be assigned to such work, require that these inmates be paid at least the State minimum wage, regulate the distribution of these wages, and specify certain contract requirements.

The Act currently prohibits the use of inmate labor for private or corporate profit or for any purpose other than the construction, maintenance, or operation of public works, ways, or property. The bill would allow inmates to be assigned to work in a private manufacturing or service enterprise if the enterprise made a product or rendered a service that was permitted to be manufactured or rendered using inmate labor. More than 80% of the product sold in the United States would have to be manufactured outside the United States and none manufactured in this State, or the service would have to be one that was not performed in the State. Further, the enterprise would have to be suitably designed to use inmate labor and located either within 10 miles of the correctional facility or within the facility under a lease agreement between the Department of Corrections and the private enterprise. In addition, there would have to be at least one employee of the private enterprise for every three inmates assigned to work in the enterprise. Only inmates who were housed in facilities with a Level 1 security designation (the least restrictive designation), who were not serving life sentences, and who volunteered for the assignment would be eligible to be assigned to work in private manufacturing or service enterprises.

The contract between the Department and the private enterprise would have to ensure that inmates would be paid either the prevailing wage or the State minimum wage, whichever was higher.

MCL 800.322 et al.

Legislative Analyst: L. Burghardt

FISCAL IMPACT

The bill could result in increased revenues for State and local government. State and local revenues could increase to the extent that prisoners who worked for private entities would have parts of their wages withheld for AFDC reimbursements, partial reimbursement for the cost of incarceration, as well as withholding for State and local income taxes. The amount of revenue collected would depend on the number of inmates involved, and the amount of their actual earnings. As a point of information, there are currently approximately 2,500 prisoners with 1,300 permanent assignments involved in prison industry operations. Prisoners in prison industries are paid an average of \$6.25 per day.

Date Completed: 12-2-96

Fiscal Analyst: M. Hansen

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