

Legislative Analysis



REGULATION OF PROFESSIONAL EMPLOYEE ORGANIZATIONS: CHANGE EFFECTIVE DATES

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House Bill 4584

Sponsor: Rep. Paul Opsommer

Committee: Commerce

Complete to 5-9-11

A SUMMARY OF HOUSE BILL 4584 AS INTRODUCED 4-26-11

The bill would alter the effective dates for the recently enacted Michigan Professional Employer Organization Act, which was Public Act 370 of 2010 (MCL 338.3727, et al.).

That act currently carries an effective date of July 1, 2011. House Bill 4584 would change the act's effective date to January 1, 2012. It also makes July 1, 2012, the date when certain of the act's requirements take effect, including the licensure requirements.

Among other things, Public Act 370 of 2010 requires the licensure of professional employer organizations; establishes working capital and bonding requirements; establishes requirements for agreements between PEOs and their clients, including the responsibility for complying with the Workers Disability Compensation Act; prescribes the responsibilities of PEOs and their clients regarding supervision of employees, legal liability, pay and benefits, and payment of taxes; specify certain prohibited conduct and provide sanctions and criminal penalties.

[According to the National Association of Professional Employers Organizations, A PEO provides integrated services to effectively manage critical human resource responsibilities and employer risks for clients. A PEO delivers these services by establishing and maintaining an employer relationship with the employees at the client's worksite and by contractually assuming certain employer rights, responsibilities, and risk. Businesses today need help managing increasingly complex employee related matters such as health benefits, workers' compensation claims, payroll, payroll tax compliance, and unemployment insurance claims. They contract with a PEO to assume these responsibilities and provide expertise in human resources management. This allows the PEO client to concentrate on the operational and revenue-producing side of its operations.]

FISCAL IMPACT:

The bill would have no fiscal impact on the state or local units of government.

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