



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5235 (Substitute H-1 as reported without amendment)
Sponsor: Representative Steve Marino
House Committee: Commerce and Trade
Senate Committee: Commerce

CONTENT

The bill would amend Public Act 390 of 1978, which governs the time and manner of payment of wages and fringe benefits to employees, to specify that an employer who established a monthly pay period would be in compliance with the Act if the employer paid an employee all wages earned during the pay period within nine days after the end of the monthly pay period.

Under the Act, an employer generally must pay the following to each employee:

- On or before the first day of each calendar month, the wages earned during the first 15 days of the preceding calendar month.
- On or before the 15th day of each calendar month, the wages earned during the preceding calendar month from the 16th day through the last day.

An employer who has established a monthly payday is in compliance with this requirement if the employer pays to the employee on or before the first day of each calendar month all wages earned during the preceding calendar month. Under the bill, instead, an employer who established a regularly scheduled monthly pay period would be in compliance if the employer paid to the employee within nine days after the end of the monthly pay period, all wages earned during the monthly pay period.

MCL 408.472

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would not have a fiscal impact on the State. The bill could have a small, positive fiscal impact on some local units of government, but only those that make monthly payments to employees. The bill would extend the allowable time after each month for employers that pay monthly to make payments to employees. This has the potential to simplify the payroll process for local units of government by reducing redundancies and giving local treasurers added time to calculate monthly wages, but only for those local units that pay employees on a monthly basis. It is not known how many local units of government pay on a monthly basis, if any. The State of Michigan does not pay employees monthly.

The bill could reduce the number of violations of the Act, which are subject to misdemeanor penalties and administrative fines. Any reduction in misdemeanor arrests and convictions could reduce resource demands on law enforcement, court systems, community supervision, and jails. Any associated decrease in penal fine revenue would reduce funding to public libraries. A reduction in administrative penalties would reduce the State's General Fund.

Date Completed: 5-2-18

Fiscal Analyst: Ryan Bergan
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Bill Analysis @ www.senate.michigan.gov/sfa

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