Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 15 (Substitute S-1 as reported)
Sponsor: Senator Sam Singh
Committee: Regulatory Affairs

CONTENT

The bill would amend the Earned Sick Time Act to do the following:

-- Expand the definition of "small business" from an employer that employed fewer than 10 individuals to an employer that employed fewer than 25 individuals.
-- Allow a business to provide the Act's required sick time to employees at the beginning of the year, rather than throughout.
-- Cap the amount of accrued sick time an employee could carry over from year to year.
-- Shorten, from three years to one year, the time frame that an employee may seek remedies for a violation of the Act.
-- Delete a provision allowing an employee to bring a civil action against the employee's employer for appropriate relief due to a violation of the Act.
-- Modify references to the Department of Licensing and Regulatory Affairs to instead refer to the Department of Labor and Economic Opportunity (LEO).
-- Provide that, if an employer failed to provide sick time to an employee as required, the employer would be subject to a civil fine of up to eight times the employee's normal hourly wage.

MCL 408.962 et al.

BRIEF RATIONALE

In 2017, the Michigan Time to Care coalition began a petition drive to initiate the Earned Sick Time Act. The proposed legislation required small businesses (businesses with fewer than 10 employees) to provide 40 hours of paid sick time to each employee and larger businesses to provide 72. The Legislature adopted the Act without amendment as Public Act (PA) 338 of 2018 and then enacted PA 369 of 2018, which amended the Act to exempt businesses with fewer than 50 employees from the requirement to provide paid sick time. According to testimony, this process circumvented the State Constitution's petition process. Some believe that the petition should have been put before the residents of the State for a vote, instead of being enacted and then amended. Accordingly, it was suggested that the Act be amended to more closely align with the petition's original language.

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bill would have a negligible fiscal impact on State and local revenue beginning in Fiscal Year (FY) 2024-25. Changes that could potentially affect revenue only would relate to employees of firms with between 10 and 25 employees. Under the bill, if an employee received less leave time, needed the additional leave time, and opted to take leave without pay, the employee would receive less wages and thus report lower individual income tax liabilities. Similarly, in such situations, there would be an indeterminate but also likely negligible fiscal impact on business tax revenue; presumably, reduced leave time expenses would raise profitability (and thus tax liabilities) but also would reduce output (lowering business revenue and thus profitability).

The bill would have a one-time fiscal impact on LEO to implement the proposed changes. These costs would include administrative and information technology.

Date Completed: 2-13-25 Fiscal Analyst: Cory Savino, PhD