Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4152 (Substitute H-3)
Sponsor: Representative Walter J. DeLange
House Committee: Human Resources and Labor
Senate Committee: Human Resources, Labor and Veterans Affairs

Date Completed: 10-17-95

SUMMARY OF HOUSE BILL 4152 (Substitute H-3) as passed by the House:

The bill would amend Public Act 390 of 1978, which regulates the payment of wages and fringe benefits, to permit employers to deduct certain overpayments from an employee's wages without the employee's consent.

Public Act 390 of 1978 generally provides that a deduction for the benefit of an employer requires written consent from the employee for each wage payment subject to the deduction, and the cumulative amount of the deductions may not reduce the gross wages paid to a rate below the State minimum wage. The bill would make an exception to this for overpayments of wages or fringe benefits.

Under the bill, within six months after making an overpayment of wages or fringe benefits that were paid directly to an employee, an employer could deduct the overpayment from the employee's regularly scheduled wage payment without the employee's written consent if all of the following conditions were met:

-- The overpayment resulted from a mathematical miscalculation, typographical error, clerical error, or misprint in the processing of the employee's regularly scheduled wages or fringe benefits.
-- The miscalculation, error, or misprint was made by the employer, the employee, or a representative of the employer or employee.
-- The employer gave the employee a written explanation of the deduction at least one pay period before the wage payment affected by the deduction was made.
-- The deduction did not exceed 15% of the gross wages earned in the pay period in which it was made.
-- The deduction was made after the employer had made all deductions expressly permitted or required by law or a collective bargaining agreement, and after any employee-authorized deduction.
-- The deduction did not reduce the regularly scheduled gross wages otherwise due to the employee to a rate that was less than the minimum rate as defined in the Minimum Wage Law, or the minimum rate as prescribed by the Federal Fair Labor Standards Act, whichever was greater.

An employee who believed that his or her employer had violated these provisions could file a complaint with the Department of Labor within 12 months after the date of the alleged violation.

MCL 408.477 Legislative Analyst: P. Affholter

FISCAL IMPACT

This bill would have an indeterminate fiscal impact on the State and local governmental units. The bill would make possible the return of salary and benefit overpayments. The funding source for these benefits could be credited by the amount of funds secured through the provisions outlined in Section 7(4) of this bill.

Fiscal Analyst: K. Lindquist

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.