

PAYMENT OF WAGES AND FRINGE BENEFITS (EXCERPT)
Act 390 of 1978

***** 408.477.amended THIS AMENDED SECTION IS EFFECTIVE FEBRUARY 13, 2024 *****

408.477.amended Deductions from wages.

Sec. 7. (1) Except for those deductions required or expressly permitted by law or by a collective bargaining agreement, an employer shall not deduct from the wages of an employee, directly or indirectly, any amount including an employee contribution to a separate segregated fund established by a corporation or labor organization under section 55 of the Michigan campaign finance act, 1976 PA 388, MCL 169.255, without the full, free, and written consent of the employee, obtained without intimidation or fear of discharge for refusal to permit the deduction.

(2) Except as provided in this subsection and subsections (4) and (5), a deduction for the benefit of the employer requires written consent from the employee for each wage payment subject to the deduction, and the cumulative amount of the deductions must not reduce the gross wages paid to a rate less than the minimum rate as prescribed in the improved workforce opportunity wage act, 2018 PA 337, MCL 408.931 to 408.945. A nonprofit organization shall obtain a written consent from an employee for deductions to that nonprofit organization that qualify as charitable contributions under federal law. However, this subsection does not require the nonprofit organization to obtain from an employee a separate written consent for each subsequent paycheck from which deductions that qualify as charitable contributions that benefit the employer are made. An employee at any time may rescind in writing his or her authorization to have charitable contributions deducted from his or her paycheck. As used in this subsection, "nonprofit organization" means an organization that is exempt from taxation under section 501(c)(3) of the internal revenue code of 1986, 26 USC 501(c)(3).

(3) Each deduction from the wages of an employee must be substantiated in the records of the employer and must be identified as pertaining to an individual employee. Prorating of deductions between 2 or more employees is not permitted.

(4) Not later than 6 months after making an overpayment of wages or fringe benefits that are paid directly to an employee, an employer may deduct the overpayment from the employee's regularly scheduled wage payment without the written consent of the employee if all of the following conditions are met:

(a) 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.

(b) The miscalculation, error, or misprint described in subdivision (a) was made by the employer, the employee, or a representative of the employer or employee.

(c) The employer provides the employee with a written explanation of the deduction at least 1 pay period before the wage payment affected by the deduction is made.

(d) The deduction is not greater than 15% of the gross wages earned in the pay period in which the deduction is made.

(e) The deduction is made after the employer has made all deductions expressly permitted or required by law or a collective bargaining agreement, and after any employee-authorized deduction.

(f) The deduction does not reduce the regularly scheduled gross wages otherwise due the employee to a rate that is less than the greater of either of the following:

(i) The minimum rate as prescribed by subsection (2).

(ii) The minimum rate as prescribed by the fair labor standards act of 1938, 29 USC 201 to 219.

(5) If an employer pays any amount of the employee's debt under a default judgment entered under section 4012(9) or (10) of the revised judicature act of 1961, 1961 PA 236, MCL 600.4012, the employer may deduct that amount from the employee's regularly scheduled wage payment without the written consent of the employee if all of the following conditions are met:

(a) The employer provides the employee with a written explanation of the deduction at least 1 pay period before the wage payment affected by the deduction is made.

(b) The deduction is not greater than 15% of the gross wages earned in the pay period in which the deduction is made.

(c) The deduction is made after the employer has made all deductions expressly permitted or required by law or a collective bargaining agreement, and after any employee-authorized deduction.

(d) The deduction does not reduce the regularly scheduled gross wages otherwise due the employee to a rate that is less than the greater of either of the following:

(i) The minimum rate as prescribed by subsection (2).

(ii) The minimum rate as prescribed by the fair labor standards act of 1938, 29 USC 201 to 219.

(6) An employee who believes his or her employer has violated subsection (4) or (5) may file a complaint with the department not later than 12 months after the date of the alleged violation.

(7) As used in this section, "employer" means an individual, sole proprietorship, partnership, association, or corporation, public or private, this state or an agency of this state, a city, county, village, township, school district, or intermediate school district, an institution of higher education, or an individual acting directly or indirectly in the interest of an employer who employs 1 or more individuals.

History: 1978, Act 390, Imd. Eff. Aug. 1, 1978;—Am. 1993, Act 124, Imd. Eff. July 21, 1993;—Am. 1995, Act 207, Imd. Eff. Nov. 29, 1995;—Am. 1995, Act 278, Eff. Mar. 28, 1996;—Am. 2012, Act 30, Imd. Eff. Feb. 28, 2012;—Am. 2015, Act 15, Eff. Sept. 30, 2015;—Am. 2023, Act 243, Eff. Feb. 13, 2024.

Compiler's note: For creation of bureau of worker's and unemployment compensation within department of consumer and industry services; transfer of powers and duties of bureau of worker's compensation and unemployment agency to bureau of worker's and unemployment compensation; transfer of powers and duties of director of bureau of worker's compensation and director of unemployment agency to director of bureau of worker's and unemployment compensation; and, transfer of powers and duties of wage and hour division of worker's compensation board of magistrates to bureau of worker's and unemployment compensation, see E.R.O. No. 2002-1, compiled at MCL 445.2004 of the Michigan Compiled Laws.

For creation of the new wage and hour division as a type II agency within the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of powers and duties of the former wage and hour division of the department of consumer and industry services, transferred to the bureau of worker's and unemployment compensation, to the new wage and hour division within the department of labor and economic growth by type II transfer, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For the transfer of powers and duties of the department of licensing and regulatory affairs to the department of labor and economic opportunity, see E.R.O. No. 2019-3, compiled at MCL 125.1998.