

Legislative Analysis



LOCAL GOVERNMENT EMPLOYER MANDATES

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House Bill 5977 (Substitute H-3)

Sponsor: Rep. Earl Poleski

Committee: Michigan Competitiveness

Complete to 12-10-14

A SUMMARY OF HOUSE BILL 5977 AS REPORTED FROM COMMITTEE

The bill would create a new act, the Local Government Employer Mandate Prohibition Act. The new act would, generally speaking, do the following:

****Prohibit a governmental body from creating a "community benefits ordinance" under which contractors or developers, when developing certain parcels of property, would have to hire certain employees pay certain wages or benefits, engage certain subcontractors or local businesses for the provision of goods and services, waive certain rights under federal labor laws, or engage in similar activities, in exchange for grants, tax abatements or exemptions, the transfer of property, the approval of a government requirement, including a regulating, zoning, permitting, or licensing requirement, or other economic development incentives the contractor or developer would otherwise be eligible to receive by law.**

**** Prohibit governmental bodies from establishing any requirement related to employee wages or benefits, such as a minimum wage, particular benefits, a specified amount of paid or unpaid leave time, or the payment of a prevailing wage except as provided by law.**

A community benefits ordinance or any similar ordinance adopted by a governmental body in violation of the new act would be void.

The term "governmental body" means any local government or its subdivision, including but not limited to a city, village, township, county, or educational institution; any public authority, agency, board, commission, or other governmental, quasi-governmental, or quasi-public body; or any public body that acts or purports to act in a commercial, business, economic development, or similar capacity for a local government or its subdivision. The term "Educational institution" embraces local and intermediate school districts, public school academies, community colleges, and public universities.

The new act contains findings and declarations:

**** That employee wages and benefits are a matter of state concern and . . . are outside the express or implied authority of municipalities to regulate unless that authority is expressly delegated to a municipality.**

** That the development or redevelopment of properties in municipalities is critical to the economic success of those municipalities, and certain regulations and prohibitions on that development and redevelopment are matters of statewide concern and are within the regulatory power of the state.

** That the act is intended to provide uniformity throughout the state on the adoption of certain prohibitions or limitations on employers.

The bill would not affect a governmental body's ability to adopt policies on wages, benefits, and leave time for its own employees; would not prohibit the enforcement by a governmental body of federal or state law; and does not prohibit a governmental body from entering into an agreement providing for the rights and responsibilities of contractors and developers and the governmental body with respect to the development of real property and the provision of government services to the property or services not otherwise related to the development of certain parcels or property within the governmental body.

FISCAL IMPACT:

The bill would have an indeterminate fiscal impact.

POSITIONS:

According to the minutes of the 12-4-14 meeting of the Commerce Committee, the following are among those organizations indicated support for the bill: the Detroit Regional Chamber of Commerce; the National Federation of Independent Business; Associated Builders and Contractors; the Michigan Chamber of Commerce; the Michigan Restaurant Association; the Michigan Manufacturers Association; the Michigan Retailers Association; and the Grand Rapids Chamber.

Among those indicating opposition on 12-4-14 and 12-9-14 were: the Michigan International Brotherhood of Electrical Workers; Great Lakes Fabricators Association; AFSCME; AFT Michigan; Michigan Regional Council of Carpenters; the UAW; the Michigan Municipal League; the Michigan Townships Association; the Michigan Association of Counties; the Michigan League for Public Policy; the Mayor of Detroit and the President of the Detroit City Council; and the Detroit Economic Growth Corporation.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.