

**SUBSTITUTE FOR
HOUSE BILL NO. 4405**

A bill to amend 1978 PA 390, entitled

"An act to regulate the time and manner of payment of wages and fringe benefits to employees; to prescribe rights and responsibilities of employers and employees, and the powers and duties of the department of labor; to require keeping of records; to provide for settlement of disputes regarding wages and fringe benefits; to prohibit certain practices by employers; to prescribe penalties and remedies; and to repeal certain acts and parts of acts,"

by amending section 7 (MCL 408.477), as amended by 2023 PA 243.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 7. (1) Except for those deductions required or expressly
2 permitted by law or by a collective bargaining agreement, an
3 employer shall not deduct from the wages of an employee, directly
4 or indirectly, any amount including an employee contribution to a



1 separate segregated fund established by a corporation or labor
2 organization under section 55 of the Michigan campaign finance act,
3 1976 PA 388, MCL 169.255, without the full, free, and written
4 consent of the employee, obtained without intimidation or fear of
5 discharge for refusal to permit the deduction.

6 (2) Except as provided in this subsection and subsections (4)
7 and (5), a deduction for the benefit of the employer requires
8 written consent from the employee for each wage payment subject to
9 the deduction, and the cumulative amount of the deductions must not
10 reduce the gross wages paid to a rate less than the minimum rate as
11 prescribed in the improved workforce opportunity wage act, 2018 PA
12 337, MCL 408.931 to 408.945. A nonprofit organization shall obtain
13 a written consent from an employee for deductions to that nonprofit
14 organization that qualify as charitable contributions under federal
15 law. However, this subsection does not require the nonprofit
16 organization to obtain from an employee a separate written consent
17 for each subsequent paycheck from which deductions that qualify as
18 charitable contributions that benefit the employer are made. An
19 employee at any time may rescind in writing ~~his or her the~~
20 **employee's** authorization to have charitable contributions deducted
21 from ~~his or her the employee's~~ paycheck. As used in this
22 subsection, "nonprofit organization" means an organization that is
23 exempt from taxation under section 501(c)(3) of the internal
24 revenue code of 1986, 26 USC 501(c)(3).

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

29 (4) Not later than 6 months after making an overpayment of



1 wages or fringe benefits that are paid directly to an employee, an
2 employer may deduct the overpayment from the employee's regularly
3 scheduled wage payment without the written consent of the employee
4 if all of the following conditions are met:

5 (a) The overpayment resulted from a mathematical
6 miscalculation, typographical error, clerical error, or misprint in
7 the processing of the employee's regularly scheduled wages or
8 fringe benefits.

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

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

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

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

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

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

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

26 (5) If an employer pays any amount of the employee's debt
27 under a default judgment entered under section 4012(9) or (10) of
28 the revised judicature act of 1961, 1961 PA 236, MCL 600.4012, the
29 employer may deduct that amount from the employee's regularly



1 scheduled wage payment without the written consent of the employee
2 if all of the following conditions are met:

3 (a) The employer provides the employee with a written
4 explanation of the deduction at least 1 pay period **or 10 business**
5 **days, whichever is greater,** before the wage payment affected by the
6 deduction is made.

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

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

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

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

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

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

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

29 Enacting section 1. This amendatory act takes effect 90 days



1 after the date it is enacted into law.

