



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4584 (Substitute S-1 as reported)
Sponsor: Representative Paul Opsommer
House Committee: Commerce
Senate Committee: Reforms, Restructuring and Reinventing

CONTENT

The bill would amend the Michigan Professional Employer Organization (PEO) Regulatory Act to do the following:

- Delay the Act's effective date from July 1, 2011, to January 1, 2012.
- Specify that certain provisions of the Act would apply beginning September 1, 2012.
- Allow the Department of Licensing and Regulatory Affairs (LARA) to adjust the fee for a PEO license every two years, rather than every three years, based on the change in the Detroit consumer price index.
- Provide that the term of a license (except an initial license) would be one year, rather than three.
- Require an initial license to be issued for a term from its effective date until the first or second August 31 after that date, and require the fee to be adjusted for an initial license with an effective date that was not September 1.

Under the bill, provisions of the Act that do the following would apply beginning September 1, 2012:

- Prohibit a person from holding itself out as providing professional employer services in Michigan unless licensed as a PEO.
- Prohibit a person who has been convicted of a felony related to the operation of a PEO from owning or controlling, directly or indirectly, a PEO doing business in Michigan.
- Allow LARA to issue a limited PEO license for a PEO domiciled outside of Michigan.
- Specify prohibitions, sanctions, and criminal penalties.

Provisions that establish requirements for professional employer agreements between PEOs and their clients would apply to agreements executed on or after September 1, 2012.

MCL 338.3727 et al.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on LARA. While the bill would allow the Department to adjust PEO license fees more frequently, which would likely create a modest increase in revenue, the bill also would require LARA to pro-rate initial license fees, which would create a modest decrease in revenue. It is not clear which effect would dominate.

Date Completed: 6-23-11

Fiscal Analyst: Josh Sefton

floor\hb4584

Bill Analysis @ www.senate.michigan.gov/sfa

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.