

**SUBSTITUTE FOR  
SENATE BILL NO. 645**

A bill to establish uniform criteria for determining an employee-employer relationship for purposes of the laws of this state; to prohibit misclassification of employees in reports required of employers by this state; and to provide sanctions.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 1. This act shall be known and may be cited as the  
2 "employee classification act".

3           Sec. 2. As used in this act, "misclassify" means to fail to  
4 properly identify an individual as performing services in  
5 employment in an employer-employee relationship with an employer.  
6 An employer-employee relationship is determined using the 20-factor  
7 test announced by the Internal Revenue Service of the United States  
8 Department of Treasury in Revenue Ruling 87-41, 1987-1 C.B. 296.

1           Sec. 3. An employer or an agent of an employer shall not  
2 misclassify an employee in a report required under the laws of this  
3 state. If the misclassification results in a lessening or avoidance  
4 of a legal obligation to the employee, another individual, or this  
5 state, the employer or agent is subject to the sanctions provided  
6 in the statute under which the report was required.