

IMPROVED WORKFORCE OPPORTUNITY WAGE ACT (EXCERPT)
Act 337 of 2018

***** 408.934.amended THIS SECTION IS REVIVED EFFECTIVE FEBRUARY 21, 2025 *****

408.934.amended Minimum hourly wage rate.

Sec. 4. (1). Subject to the exceptions specified in this act, the minimum hourly wage rate is:

- a. Beginning January 1, 2019, \$10.00.
- b. Beginning January 1, 2020, \$10.65.
- c. Beginning January 1, 2021, \$11.35.
- d. Beginning January 1, 2022, \$12.00.

(2) Every October beginning in October, 2022, the state treasurer shall calculate an adjusted minimum wage rate. The adjustment shall increase the minimum wage by the rate of inflation. The increase shall be calculated by multiplying the otherwise applicable minimum wage by the 12-month percentage increase, if any, in the consumer price index for urban wage earners and clerical workers, CPI-W, or a successor index, as published by the bureau of labor statistics of the United States department of labor, based upon the most recent 12-month period for which data are available. The adjusted minimum wage rate shall be published by November 1 of the year it is calculated and shall be effective beginning January 1 of the succeeding year.

(3) An increase in the minimum hourly wage rate as prescribed in subsection (2) does not take effect if the unemployment rate determined by the bureau of labor statistics, United States department of labor, for this state is 8.5% or greater for the year preceding the year of the prescribed increase.

History: 2018, Act 337, Eff. Mar. 29, 2019;—Am. 2018, Act 368, Eff. Mar. 29, 2019;—2018, Act 337, Eff. Feb. 21, 2025.

Compiler's note: Public Act 337 was proposed by initiative petition pursuant to Const. 1963, art 2, section 9. On September 5, 2018, the initiative petition was approved by an affirmative vote of the majority of the members of the Senate and an affirmative vote of the majority of the members of the House of Representatives, and filed with the Secretary of State on September 5, 2018.

For the transfer of powers and duties of the department of licensing and regulatory affairs and the powers and duties of the director 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.

See *Mothering Justice v Attorney General*, case no. 165325, July 31, 2024. The Michigan Supreme Court held that 2018 PA 368 was unconstitutional and, therefore void and revived the original initiative as enacted by the Legislature on September 5, 2018, effective February 21, 2025. Therefore, the section above is as it was enacted before being amended by 2018 PA 368. To fashion an appropriate remedy that reflects the original initiative's purpose, the Michigan Supreme Court further held that a gradual phase-in mirroring the structure of the original act, but set into the future accounting for the passage of time is most consistent with the original initiative's intent. Accordingly, the Supreme Court adopted a schedule for the minimum hourly wage and tip credit and subsequently clarified and set forth the following clerically corrected schedule on September 18, 2024:

"February 21, 2025 (originally 2019): The minimum hourly wage rate will be \$10.00 plus the state treasurer's inflation adjustment, using July 31, 2024, as the endpoint for that calculation. The tipped workers' minimum hourly wage rate must be at least 48% of the general minimum wage rate, and the tip credit can be used to satisfy the balance owed to such workers.

February 21, 2026 (originally 2020): The minimum hourly wage rate will be \$10.65 plus the state treasurer's inflation adjustment, using July 31, 2024, as the endpoint for that calculation. The tipped workers' minimum hourly wage rate must be at least 60% of the general minimum wage rate, and the tip credit can be used to satisfy the balance owed to such workers.

February 21, 2027 (originally 2021): The minimum hourly wage rate will be \$11.35 plus the state treasurer's inflation adjustment, using July 31, 2024, as the endpoint for that calculation. The tipped workers' minimum hourly wage rate must be at least 70% of the general minimum wage rate, and the tip credit can be used to satisfy the balance owed to such workers.

February 21, 2028 (originally 2022): The minimum hourly wage rate will be \$12.00 plus the state treasurer's inflation adjustment, using July 31, 2024, as the endpoint for that calculation. The tipped workers' minimum hourly wage rate must be at least 80% of the general minimum wage rate, and the tip credit can be used to satisfy the balance owed to such workers.

February 21, 2029 (originally 2023 and after): The state treasurer shall calculate the inflation-adjusted minimum wage rate as set forth in 2018 PA 337, § 4(2). The tipped workers' minimum wage rate must be at least 90% of the general minimum wage rate, and the tip credit can be used to satisfy the balance owed to such workers.

On February 21, 2030 (originally 2024 and after), tipped employees must be paid 100% the general minimum wage rate without any tip credit permitted to offset the minimum wage rate for tipped workers."