

Legislative Analysis



MINIMUM WAGE: OVERTIME EXEMPTIONS

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House Bill 6213

Sponsor: Rep. Bill Huizenga

Committee: Commerce

Complete to 6-19-06

A SUMMARY OF HOUSE BILL 6213 AS INTRODUCED 6-15-06

Public Act 81 of 2006 (Senate Bill 318) amended the Minimum Wage Law to raise the minimum wage effective October 1, 2006. Under that act, the standard minimum wage would increase from \$5.15 per hour to \$6.95 as of October 1, 2006; \$7.15 as of July 1, 2007; and \$7.40 as of July 1, 2008.

Section 14 of the act says the state act does not apply to employers subject to federal minimum wage provisions *unless* the federal provisions would result in a lower minimum wage than under the state law. With Public Act 81, the state minimum wage would exceed the federal minimum wage, and so previously-exempt employers and employees would fall under the state law. Also as a result, certain required overtime provisions in Section 4a would apply to those employers and employees, including those that are currently exempt from overtime requirements in federal law. Section 4a requires the payment of overtime of at least one-and-one half times the regular rate when certain hours-worked limits are exceeded (for example, in excess of 40 hours in a workweek or in excess of an aggregate 216 hours in a work period of 28 consecutive days, etc.).

House Bill 6213 would specify that Section 4a, with its overtime provisions, would *not* apply for employers subject to the state minimum wage due to the application of Section 14 (that is, due to the fact that the state minimum wage now exceeds the federal minimum). The bill also would specify that the act does not apply to employees who are exempt from the federal minimum wage requirements under the Fair Labor Standards Act of 1938. The bill would take effect October 1, 2006.

MCL 408.394

FISCAL IMPACT:

The bill would extend the current treatment of overtime compensation beyond the October 1, 2006 effective date of Public Act 81 of 2006. The fiscal impact cannot be determined without knowing specific labor market characteristics.

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