

# Legislative Analysis



## WORKER'S COMPENSATION LIABILITY FOR OUTSOURCED WORKERS

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4544 as introduced**  
**Sponsor: Rep. Brandt Iden**

Analysis available at  
<http://www.legislature.mi.gov>

**House Bill 4545 as introduced**  
**Sponsor: Rep. Jim Lilly**

**Committee: Commerce and Tourism**  
**Complete to 5-15-19**

### SUMMARY:

House Bills 4544 and 4545 would respectively amend the Worker's Disability Compensation Act and the Michigan Professional Employer Organization Regulatory Act to require professional employer agreements signed between outsourcing firms and their clients to clearly delineate which one is liable for paying out worker's compensation for the employees of the professional employer organization (PEO).

**House Bill 4545** would amend the Michigan Professional Employer Organization Regulatory Act to require that, beginning with the bill's effective date, all professional employer agreements signed between PEOs and their clients must allocate responsibility to one party or the other for paying worker's compensation to the workers outsourced in the agreement.

The bill is tie-barred to HB 4544, which means that it cannot take effect unless HB 4544 is also enacted.

MCL 338.3737

**House Bill 4544** would amend the Worker's Disability Compensation Act to state that both of the following apply to a coemployer that assumed liability for worker's compensation in a professional employer agreement:

- For purposes of section 131, which defines "employee" and "employer" for purposes of generally limiting an injured employee's remedy against an employer to the recovery of benefits under the act, a covered employee's employer would include both the PEO and the client.
- Claims submitted under this act by covered employees for compensation or other benefits would be the sole liability of the carrier or fund of the coemployer that assumed liability for compensation and benefits under the professional employer agreement.

The bill would use the definitions of "client," "coemployer," "covered employee," "PEO," and "professional employer agreement" that are found in the Michigan Professional Employer Organization Regulatory Act.

Proposed MCL 418.123

**FISCAL IMPACT:**

House Bills 4544 and 4545 would not have a fiscal impact on the Department of Licensing and Regulatory Affairs (LARA) or any other unit of state or local government.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.