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House Bill 4176 (Substitute H-4 as passed by the House)
Sponsor: Representative Tyrone Carter
House Committee: Judiciary
Senate Committee: Committee of the Whole

Date Completed: 6-6-23

CONTENT

The bill would amend Public Act 390 of 1978, which regulates the time and manner of payments of wages and fringe benefits to employees, to do the following:

- **Allow a law enforcement agency that entered into an agreement to collect specified percentages of the costs of a law enforcement training academy if an employee voluntarily left employment with the agency within four years after the employee left the training academy.**
- **Allow an employer to collect the costs of an employee's education under an agreement in which the employer offered to fund an employee's education with the understanding that the employee would repay the costs unless the employee remained with the employer for a specific period.**

The bill is tie-barred to Senate Bill 32, which is similar to House Bill 4176 except that Senate Bill 32 would define "law enforcement agency" and "law enforcement training academy" and prescribe the terms of an agreement entered into by a law enforcement agency.

Public Act 390 prohibits an employer, agent or representative of an employer, or other person having authority from the employer to hire, employ, or direct the services of other people in the employment of the employer from demanding or receiving, directly or indirectly from an employee, a fee, gift, tip, gratuity, or other remuneration or consideration, as a condition of employment or continuation of employment. This provision does not apply to fees collected by an employment agency licensed under the law of the State.

Under the bill, the provision also would not apply to the following remuneration or consideration collected by a law enforcement agency under a signed agreement entered into on or after the bill's effective date:

- If the employee voluntarily left employment with the law enforcement agency within one year after the date the employee's law enforcement training academy ended, 100% of the cost of the law enforcement training academy up to and not exceeding the employee's salary for the first year of employment with the law enforcement agency.
- If the employee voluntarily left employment with the law enforcement agency more than one year but less than two years after the date the employee's law enforcement training academy ended, 75% of the cost of the law enforcement training academy up to and not exceeding the employee's salary for the first year of employment with the agency.
- If the employee voluntarily left employment with the law enforcement agency two years or more but less than three years after the date the employee's law enforcement training academy ended, 50% of the cost of the law enforcement training academy up to and not exceeding the employee's salary for the first year of employment with the agency.

- If the employee voluntarily left employment with the law enforcement agency three years or more but less than four years after the date the employee's law enforcement training academy ended, 25% of the cost of the law enforcement training academy up to and not exceeding the employee's salary for the first year of employment with the agency.

In addition, the provision would not apply to remuneration or consideration collected by an employer under an optional education repayment agreement in which the employer offered to fund an employee's education with the understanding that the employee would repay the costs incurred unless the employee remained with the employer for a specific period.

("Employer" means an individual, sole proprietorship, partnership, association, or corporation, public or private; the State or an agency of the State; a city, county, village, township, school district, or intermediate school district; an institution of higher education; or an individual acting directly or indirectly in the interest of an employer who employs one or more individuals.)

MCL 408.478

PREVIOUS LEGISLATION

(Please note: This section does not provide a comprehensive account of all previous legislative efforts on the relevant subject matter.)

The bill is similar to Senate Bill 357 from the 2021-2022 Legislative Session. The bill was reported from the Senate Committee on Judiciary and Public Safety but received no further action.

Legislative Analyst: Tyler P. VanHuysse

FISCAL IMPACT

The bill could have a fiscal impact on a local law enforcement agency if an employee whose training was funded by that agency left voluntarily before four years of service and had to reimburse that agency for its cost for the employee's academy tuition. The costs of tuition for a law enforcement training academy in Michigan range between \$6,000 and \$10,000.

Fiscal Analyst: Bruce R. Baker

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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.