

Act No. 1
Public Acts of 2025
Approved by the Governor
February 21, 2025
Filed with the Secretary of State
February 21, 2025
EFFECTIVE DATE: February 21, 2025

**STATE OF MICHIGAN
103RD LEGISLATURE
REGULAR SESSION OF 2025**

Introduced by Senator Hertel

ENROLLED SENATE BILL No. 8

AN ACT to amend 2018 PA 337, entitled “An initiation of legislation to enact the Improved Workforce Opportunity Wage Act which would fix minimum wages for employees within this state; prohibit wage discrimination; provide for a wage deviation board; provide for the administration and enforcement of the act; prescribe penalties for the violation of the act; and supersede certain acts and parts of acts including 2014 PA 138,” by amending sections 2, 4, 4d, 9, and 10 (MCL 408.932, 408.934, 408.934d, 408.939, and 408.940).

The People of the State of Michigan enact:

Sec. 2. As used in this act:

- (a) “Commissioner” or “director” means the director of the department of labor and economic opportunity.
- (b) “Employ” means to engage, suffer, or permit to work.
- (c) “Employee” means an individual not less than 16 years of age employed by an employer on the premises of the employer or at a fixed site designated by the employer, and includes a minor employed subject to section 15(1) of the youth employment standards act, 1978 PA 90, MCL 409.115.
- (d) “Employer” means a person, firm, or corporation, including this state and political subdivisions, agencies, and instrumentalities of this state, and a person acting in the interest of the employer, that employs 2 or more employees at any 1 time within a calendar year. An employer is subject to this act during the remainder of that calendar year. Except as specifically provided in the franchise agreement, as between a franchisee and franchisor, the franchisee is considered the sole employer of workers for whom the franchisee provides a benefit plan or pays wages.

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

- (a) Beginning February 21, 2025, \$12.48.
- (b) Beginning January 1, 2026, \$13.73.
- (c) Beginning January 1, 2027, \$15.00.
- (2) Every October beginning in October, 2027, the state treasurer shall calculate an adjusted minimum wage rate. The adjustment must increase the minimum wage by the rate of inflation. The state treasurer shall calculate the increase by multiplying the otherwise applicable minimum wage by the 12-month percentage increase, if any, in the Consumer Price Index for the midwest region, CPI-U, or a successor index, as published by the Bureau of Labor Statistics of the United States Department of Labor, based on the most recent 12-month period for which data are available. The state treasurer shall publish the adjusted minimum wage rate by November 1 of the year in which it is calculated. The adjusted minimum wage rate is effective beginning January 1 of the immediately succeeding year.

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

Sec. 4d. (1) The minimum hourly wage rate of an employee must be established as provided for under subsection (2) if all of the following conditions are met:

(a) The employee receives gratuities in the course of the employee's employment.

(b) The gratuities described in subdivision (a) equal or exceed the difference between the minimum hourly wage rate established under subsection (2) and the minimum hourly wage established under section 4.

(c) The gratuities are proven gratuities as indicated by the employee's declaration for purposes of the federal insurance contribution act, 26 USC 3101 to 3128.

(d) Except as otherwise provided in this subdivision, the entirety of the gratuities are retained by the employee who receives them. This subdivision does not prohibit an employee from voluntarily sharing the employee's gratuities with another employee if the other employee is directly or indirectly part of the chain of service and the other employee's duties are not primarily managerial or supervisory.

(e) The employee's employer informed the employee of the provisions of this section, in writing, at or before the time of hire, and the employee gave written consent.

(2) The minimum hourly wage rate of an employee described in subsection (1) is as follows:

(a) Beginning February 21, 2025, 38% of the minimum hourly wage rate established under section 4.

(b) Beginning January 1, 2026, 40% of the minimum hourly wage rate established under section 4.

(c) Beginning January 1, 2027, 42% of the minimum hourly wage rate established under section 4.

(d) Beginning January 1, 2028, 44% of the minimum hourly wage rate established under section 4.

(e) Beginning January 1, 2029, 46% of the minimum hourly wage rate established under section 4.

(f) Beginning January 1, 2030, 48% of the minimum hourly wage rate established under section 4.

(g) Beginning January 1, 2031, 50% of the minimum hourly wage rate established under section 4.

(3) As used in this section, "gratuities" means tips or voluntary monetary contributions received by an employee from a guest, patron, or customer for services rendered to that guest, patron, or customer and that the employee reports to the employer for purposes of the federal insurance contributions act, 26 USC 3101 to 3128.

(4) Except as otherwise provided under subsection (1)(d), gratuities remain the property of the employee who receives them, regardless of whether the employee's employer pays the employee the minimum hourly wage rate established under subsection (2) or the minimum hourly wage rate established under section 4. Gratuities and service charges paid to an employee are in addition to, and do not count toward, wages due the employee.

(5) Employers shall provide employees and consumers written notice of the employer's plan to distribute service charges.

(6) An employer shall keep records that show compliance with this section for not less than 3 years after the date of an employee's last pay period.

Sec. 9. (1) If an employer violates this act, the employee affected by the violation, at any time within 3 years, may do any of the following:

(a) Bring a civil action for the recovery of the difference between the amount paid and the amount that, but for the violation, would have been paid the employee under this act and an equal additional amount as liquidated damages together with costs and reasonable attorney fees as are allowed by the court.

(b) File a claim with the director who shall investigate the claim.

(2) If the director determines there is reasonable cause to believe that the employer has violated this act and the director is subsequently unable to obtain voluntary compliance by the employer within a reasonable period of time, the director shall bring a civil action under subsection (1)(a). The director may investigate and file a civil action under subsection (1)(a) on behalf of all employees of that employer who are similarly situated at the same work site and who have not brought a civil action under subsection (1)(a). A contract or agreement between the employer and the employee or any acceptance of a lesser wage by the employee is not a bar to the action.

(3) Except as otherwise provided in subsection (4), in addition to bearing liability for civil remedies described in this section, an employer who fails to pay the minimum hourly wage in violation of this act, or that violates a provision of section 4a governing an employee's compensatory time, is subject to a civil fine of not more than \$1,000.00.

(4) An employer that fails to pay the minimum hourly wage to an employee as described in section 4d(1) is subject to a civil fine of not more than \$2,500.00.

Sec. 10. (1) This act does not apply to an employer that is subject to the minimum wage provisions of the fair labor standards act of 1938, 29 USC 201 to 219, unless the application of those federal minimum wage provisions

to the employer would result in a lower minimum hourly wage than provided under this act. If an employer is subject to this act only by application of this subsection, this act does not apply to the employer's employee who is exempt from the minimum wage requirements of the fair labor standards act of 1938, 29 USC 201 to 219.

(2) Notwithstanding subsection (1), an employee must be paid in accordance with the minimum wage and overtime compensation requirements of sections 4 and 4a if the employee meets either of the following conditions:

(a) The employee is employed in domestic service employment to provide companionship services as that term is defined in 29 CFR 552.6 for individuals who, because of age or infirmity, are unable to care for themselves and is not a live-in domestic service employee as described in 29 CFR 552.102.

(b) The employee is employed to provide childcare, but is not a live-in domestic service employee as described in 29 CFR 552.102. However, the requirements of sections 4 and 4a do not apply if the employee meets all the following conditions:

(i) Is younger than the age of 18.

(ii) Provides services on a casual basis as that term is defined in 29 CFR 552.5.

(iii) Provides services that do not regularly exceed 20 hours per week, in the aggregate.

(3) This act does not apply to individuals employed in summer camps for not more than 4 months or to employees who are covered under section 14 of the fair labor standards act of 1938, 29 USC 214.

(4) This act does not apply to agricultural fruit growers, pickle growers and tomato growers, or other agricultural employers who traditionally contract for harvesting on a piecework basis, as to those employees used for harvesting, until the board has acquired sufficient data to determine an adequate basis to establish a scale of piecework and determines a scale equivalent to the prevailing minimum wage for that employment. The piece rate scale must be equivalent to the minimum hourly wage in that, if the payment by unit of production is applied to a worker of average ability and diligence in harvesting a particular commodity, the worker receives an amount not less than the hourly minimum wage.

(5) Notwithstanding any other provision of this act, subsection (1)(a) and (b) and subsection (2) do not deprive an employee or any class of employees of any right that existed on September 30, 2006 to receive overtime compensation or to be paid the minimum wage.

Enacting section 1. This amendatory act does not take effect unless House Bill No. 4002 of the 103rd Legislature is enacted into law.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved _____

Governor