



November 6, 2024

The Honorable Joe Tate
Speaker of the House
Michigan House of Representatives

The Honorable Winnie Brinks
Senate Majority Leader
Michigan Senate

The Honorable Matt Hall
House Minority Leader
Michigan House of Representatives

The Honorable Aric Nesbitt
Senate Minority Leader
Michigan Senate

Dear Legislative Leaders:

The leading organizations for employers in Michigan, representing the full spectrum of our state’s economy, are focused on being a top state for business and a desirable place to live for workers and families. The global competition for talent, investment and job creation is more competitive than ever and Michigan must compete to win.

As we head into the Lame Duck session, we are making you aware of several pending issues that could greatly impact Michigan job providers and influence their decisions on “choosing Michigan.” Michigan has come a long way, but our future success is not guaranteed. What you do today can make Michigan a magnet for jobs, people and prosperity where all Michiganders succeed. We look forward to working with you on these critical issues:

1. **Earned Sick Time Act modifications** - The countdown to Feb. 21, the effective date of the new paid leave and minimum wage laws, has begun. You have just 13 session days remaining to pass practical and commonsense legislation to lessen the harm of the Supreme Court’s decision on these issues. We are not looking to roll back the substantive provisions of these laws, but we need your help to make sure these laws are workable and implementable for businesses and workers alike. Absent a bipartisan legislative solution:
 - The new Earned Sick Time Act will force employers of all sizes and types (even those with generous policies today!) to rethink their existing paid leave policies. We are not looking to roll back the 72-hour mandate – but we need your help to make sure, for example, employers provide the flexibility employees currently enjoy, such as pooled vacation and sick time. These laws must be workable and implementable for businesses and workers alike.

2. **Other pending legislation** – There are other proposals pending in committees and on the floor of the Michigan House and Senate that would make doing business in Michigan unattractive and/or uncompetitive. We oppose and would urge extreme caution on the

following legislative proposals¹:

- **Employment law changes:**
 - **HB 4237** - Repeals Michigan's "local preemption law," authorizing the state's 1,800-plus local units of government could each enact their own laws governing wages, paid or unpaid leave time and other employee benefits. Repealing this law will have a direct and adverse impact on Michigan businesses by subjecting them to a patchwork of regulations, reducing incentives to invest in the communities that adopt them and discouraging growth in our state. Companies looking to invest in Michigan will consider a decision by a small local board too risky for their global competitiveness and choose another state.
 - **HB 4390** – Rethinks who can or cannot be classified as an independent contractor under Michigan law. If the Legislature forces more employers to classify more workers as employees, those individuals may lose income and the flexibility they desire (e.g., more control over how, where and when they work and/or how they carry out their duties). Gig economy jobs may disappear.
 - **HBs 4399-4406** – Limits the ability of employers to enter common employment contracts with employees and set wages.
 - **HB 5287** – Increases unemployment insurance (UI) benefits. The UI Trust Fund, the fund that pays benefits to unemployed workers, is financially vulnerable. Despite a once-healthy UI Trust Fund balance of \$4.54 billion in March of 2020, the Trust Fund remains in an unhealthy financial state due to the circumstances surrounding the COVID-19 pandemic. To make up for the billions of dollars the state paid out in fraudulent claims during COVID, Michigan employers continue to pay an employer penalty based on a higher taxable wage base to rebuild the Trust Fund. Legislation to increase benefits will lead to increased benefit payouts, further threatening the financial health of the Trust Fund and higher tax rates for businesses.
- **Environmental and regulatory rules:**
 - **SBs 605-612** - Makes significant changes to Michigan's current polluter pay law, Part 201. These bills would create a punitive environment for property owners regardless of their involvement in on-site contamination and make brownfield redevelopment cost prohibitive. Increasing the cost of investing in brownfield sites will reduce the amount of investment, leaving urban cores to sit idle, without any environmental remediation.
- **Legal climate:**
 - **SBs 1021-22** – Repeals the regulatory compliance exemption under the Michigan Consumer Protection Act (MCPA), subjecting nearly every industry and profession regulated under state and federal law to lawsuits, including class action lawsuits, under the MCPA in addition to penalties that may exist under their regulatory statute. An unstable legal climate creates heightened risk

¹ Please note: This is not intended to be an exhaustive list.

- for Michigan businesses large and small.
- **SB 329/HB 4681** – Puts into place so-called “bad faith” legislation, forcing insurance companies to pay claims first, ask questions later. It would open the litigation floodgates and force unnecessarily high settlements – benefiting attorneys but increasing the cost of insurance for consumers and businesses.
 - **SB 659** – Although the data privacy legislation remains a moving target, we have previously stated our opposition to the approach the bill takes in regulating this issue. It would harm small businesses and hinder data-driven innovation through private right of action and blanket privacy rights. We believe Michigan should more closely follow the lead of other states, including Virginia.

Although the business community has mixed opinions on economic development, all the groups signed onto this letter believe there are proactive opportunities to improve our competitiveness and customer service in government to encourage more innovation here in Michigan.

We are committed to engaging in conversations that are both pragmatic and constructive and we look forward to connecting with you soon to discuss specific opportunities and concerns outlined in this letter.

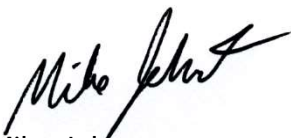
Sincerely,



Joshua Lungert
Vice President of Government Affairs
Grand Rapids Chamber



Wendy Block
Senior Vice President of Business
Advocacy and Member Engagement
Michigan Chamber of Commerce



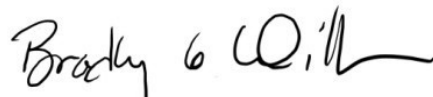
Mike Johnston
Executive Vice President of Government Affairs
& Workforce Development
Michigan Manufacturers Association



Lindsay Case Palsrok
Vice President of Public Policy
Business Leaders for Michigan



Kelli Saunders
Vice President of Policy and Engagement
Small Business Association of Michigan



Brad Williams
Vice President, Government Relations
Detroit Regional Chamber

Cc: All Members of the Michigan Legislature