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To: Honorable Members of the Michigan House Labor Committee
Date: December 12, 2024
From: Amanda Fisher, NFIB Michigan State Director
Re: Oppose House Bills 5618-5627

On behalf of over 11,000 small business owners in Michigan, NFIB strongly opposes House Bills 5618-5627, deceptively labeled "Paycheck Fairness".

Many of these bills are merely solutions looking for a problem. There are already protections in law against wage discrimination based on sex, religion, et al. These bills, as a whole, only serve to add unnecessary regulatory burdens, restrictions, and the fear of litigation.

Small businesses are desperate to hire competent people who want to work, without regard race, religion, sex, and the additional protected classes under Elliott-Larsen. However, by adding more restrictive regulations, increased fines, and private rights of action, small businesses may think twice about adding jobs or even continuing in business for fear of baseless allegations.

UNNECESSARY REGULATIONS

House Bill 5618 would prohibit an employer from asking a prospective employee about current or previous compensation, benefits, etc. These are often standard questions in interviews to ensure the applicant's salary expectations fall within the company's budget for the role. Prohibiting these questions could put both the employer and employee in awkward positions during negotiations and potentially even hurt a potential employee's ability to receive better compensation.

House Bill 5620 would require job descriptions for both prospective employees and employers and require the employee to approve any changes. This is neither practical nor reasonable. While general duties can be included in a description, like life, not every single duty can be outlined and planned for ahead of time. When NFIB members were **asked "Should Michigan enact regulations that would mandate written job descriptions for employees?" 93% answered "NO"**.

FEAR OF LITIGATION

Many of the bills in this package include private rights of action which allow civil lawsuits in addition to departmental fines. This is a real concern for small business owners.

Over 50 percent of all civil lawsuits target small businesses annually. While large companies routinely retain attorneys and have the financial means to protect themselves from frivolous lawsuits, small businesses have little recourse when served with an unwarranted lawsuit. The

threat is real. According to an NFIB Research Foundation Poll, 50% of small business owners in the U.S. are concerned about the possibility of being sued. Small business owners nationwide pay around \$35.6 billion to settle civil suits; 95% of small business owners choose to settle out of court for fear of protracted battles. The ones who fought spent an estimated \$105.4 billion in litigation costs.

INCREASED PENALTIES

The bill package contains huge increases in penalties for employers who may violate the act. NFIB will never defend those who would willfully and fraudulently deprive employees of their wages, however, that is rarely the case with small businesses. As NFIB has pointed out before, many small business owners who serve in multiple roles in the business, including HR, may make unknowing mistakes. These bills would expose them to massive fines. At a time when policy makers want to limit jail time penalties for violent offenders, these sanctions are disproportionate at best and, at worst, offensive.

DUPLICATIVE GOVERNMENT BUREACRACY

Specifically, HBs 5622 and 5625 would create the "Fair paycheck workplace certification" through the state of Michigan in order to contract with the state of Michigan. Public Act 10 of 2023 requires wage certification for state contracts. These bills are duplicative and unnecessary given there is already a system in place.

Small business urges a NO vote on House Bills House Bills 5618-5627