

Governor Signs State Overtime "Fix-It" Bill

September 27, 2006

On Friday, September 22, 2006, Michigan Governor Jennifer Granholm signed into law the legislation meant to "fix" the state minimum wage hike's unintended overtime consequences, as well as the two related legislation pieces upon which the "fix-it" bill was contingent. Specifically, and as Miller Canfield previously reported, the "fix-it" bill allows employers and employees subject to the FLSA's overtime exemptions to continue to apply the FLSA's overtime exemptions, despite Michigan's higher state minimum wage. The contingent legislation provides an earned income tax credit for low-income workers and creates a state "youth minimum wage."

As mentioned in Miller Canfield's previous alert on this topic, Michigan's minimum wage will increase to \$6.95 per hour on this Sunday, October 1, 2006; to \$7.15 per hour on July 1, 2007; and to \$7.40 per hour on July 1, 2008. Michigan employers will still be required to pay the increased state minimum wage to non-exempt employees notwithstanding the "fix-it" bill's passage into law.

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