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To: The Honorable Members of the House Labor Committee
Date: June 15, 2023
From: Amanda Fisher, NFIB Michigan State Director
Re: Opposition to House Bill 4237 – Repeal of Local Preemption on Employee Wage & Benefits

On behalf of over 10,000 small business owners in Michigan, NFIB is writing to express its opposition to House Bill 4237 which would repeal the Local Government Labor Regulatory Limitation Act. This act currently prohibits a local unit of government from requiring an employer to provide employee benefits (paid or unpaid) that are not required by federal or state law.

By repealing this Act, Michigan could become a patchwork of different wage and benefit regulations across the state, severely hindering its ability to attract and retain new businesses. Economic development dollars can only go so far in overcoming a poor regulatory and labor environment.

After a decade of job growth and expansion, the last few years have been brutal for small businesses in Michigan. Government pandemic restrictions, inflation, supply chain issues, energy costs, labor availability, and constantly changing labor and tax policies have posed serious challenges to the fate of many small business owners throughout our state.

It is these businesses in particular that would become overburdened by the nightmare of deciphering which laws applied to each location. Unlike larger businesses, small business owners do not have the extra time or capital in order to absorb additional regulatory burdens. At a certain point, small business owners cannot afford the myriad of increased costs and will make decisions including loss of jobs or the business itself. In fact, a recent study by the Federal Reserve Bank of MN, shows that Minneapolis lost 5000 jobs as a result of the new \$15 minimum wage, with only a 1% increase in wages.

As an unintended consequence, this bill would also severely restrict the flexibility that remote work has given many employees since the pandemic. If an employer has to track the laws governing each locality where their employees reside, big or small, that employer will be forced to limit remote work in order to be sure they are complying with both state and local laws.

It is important to note that this policy is not about whether there should be an increase in paid sick leave, minimum wage, etc. This legislation is about what governmental body should make those decisions for the people of Michigan. Small business believes that local governments have enough challenges providing the basic services that their citizens want and deserve. It is unnecessary for them to expand into policy areas that are more efficiently and appropriately the jurisdiction of the state and/or federal government.

For these reasons, we ask that you vote NO on HB 4327. Thank you for your support of small business.