Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 170 (as reported without amendment)
Senate Bill 171 (as reported without amendment)
Sponsor: Senator Sean McCann
Committee: Labor

CONTENT

Senate Bill 170 would repeal the Fair and Open Competition in Governmental Construction Act, which generally prohibits a governmental unit from doing the following:

-- Requiring an agreement for construction or demolition of a facility owned by the governmental unit to stipulate the use of a labor organization.
-- Discriminating against a bidder or contractor for using or refusing to use a labor organization in the construction or demolition of a facility owned by the governmental unit.

Senate Bill 171 would repeal the Local Government Labor Regulatory Limitation Act, which generally prohibits a local governmental body from regulating the employment relationship between a nonpublic employer and its employees. Among other prohibitions in the Act, a local governmental body may not require an employer to pay an employee a wage higher than the State minimum hourly wage or other fringe benefits, regulate strike activity, or regulate an employer's hours or scheduling of employees.

MCL 408.871 - 408.883 (repealed) (S.B. 170)
MCL 123.1381 - 123.1396 (repealed) (S.B. 171)

BRIEF RATIONALE

Some people believe that the Acts restrict local control on decision-making over local labor projects in a way that hurts Michigan communities. According to testimony, repealing the Acts would restore measures of local control to employer-employee relationships and empower local governments to attract talent to their area in the construction industry.

PREVIOUS LEGISLATION
(Please note: This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

Senate Bill 170 is a reintroduction of House Bill 4593 of the 2021-2022 Legislative Session.
Senate Bill 171 is a reintroduction of House Bill 4592 from the 2021-2022 Legislative Session.

Legislative Analyst: Alex Krabill

FISCAL IMPACT

Senate Bill 170 could have a negative fiscal impact on local governmental units, school districts, and the State. It would eliminate a rule that prevents discrimination based on collective bargaining status. If a local governmental unit, school district, or the State were to include provisions in contracts, it could reduce the number of eligible contractors resulting in higher bids and higher contract costs. The bill would eliminate the restrictions but would not require local governmental units, school districts, and the State to add these provisions, which means that if they did not add these provisions there would be no fiscal impact.

Senate Bill 171 would likely have a positive fiscal impact on local units of government and the State. It would allow local governmental units to set a wage higher than the State minimum wage, and regulate hours worked, wages, and benefits. If a local unit of government increased wages above the current minimum wage, State income tax revenues would increase and costs for human services would decrease. If a local unit of government increased the minimum wage and the local government unit had an income tax, the local government unit also would benefit from higher income tax revenue. The local government unit also could benefit from lower human services costs; however, if wages and benefits increased for the local units of government, school districts, or the State, the bill also could increase the costs to these organizations.

Date Completed: 9-22-23 Fiscal Analyst: Bobby Canell