

Bodman PLC

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It's Back...Michigan Supreme Court Strikes Down "Adopt-and-Amend"

By: John David Gardiner, Member, Workplace Law Group

The Michigan Supreme Court has just issued a decision that eliminates the tip credit, raises the minimum wage, and expands paid leave. The decision rescinds the 2018 "Adopt-and-Amend" action by the Legislature and reinstates the 2018 citizens' initiative for paid sick leave and minimum wage laws.

With the Michigan Supreme Court's ruling, the minimum wage will rise to \$10 per hour plus the state treasurer's inflation adjustment rate starting February 2025, including for tipped workers. In addition, employers must now adhere to one of the most comprehensive paid sick leave laws in the country, requiring major adjustments to PTO policies and procedures.

Bodman's [Workplace Law Group](#) will host a Zoom seminar on August 1 to review what Michigan employers need to know in light of this ruling. Look for an invitation to the seminar to be circulated later today.

Timeline:

- **November 1, 2024:** State Treasurer determines inflation adjustment
- **February 21, 2025:** The Wage Act AND Earned Sick Time Act goes into effect
- **February 21, 2025:** Minimum hourly wage adjusted to \$10 plus the state treasurer's inflation adjustment AND tip credit increased to 48% of minimum wage
- **February 21, 2026:** Minimum hourly wage adjusted to \$10.65 plus the state treasurer's inflation adjustment AND tip credit increased to 60% of minimum wage
- **February 21, 2027:** Minimum hourly wage adjusted to \$11.35 plus the state treasurer's inflation adjustment AND tip credit increased to 70% of minimum wage
- **February 21, 2028:** Minimum hourly wage adjusted to \$12.00 plus the state treasurer's inflation adjustment AND tip credit increased to 80% of minimum wage

- **February 21, 2029** (and after): Minimum hourly wage adjusted to inflation-adjusted minimum wage AND tip credit no longer exists

Earned Sick Time Act:

- All employees, including part-time and seasonal, must receive one hour of paid medical leave for every 30 hours worked, up to 72 hours annually.
- Employers need to reassess PTO policies, notice requirements, and documentation, while guarding against potential new litigation.

The Wage Act:

- Minimum wage increases based on state treasurer’s inflation adjustment.
- The “tip credit” is eliminated, requiring tipped workers to be paid the full minimum wage, with tips as additional income.
- Significant financial adjustments for the hospitality and service industries, with labor costs potentially increasing 250%.

Please contact the author or any member of Bodman’s [Workplace Law Group](#) with questions about this development. Bodman cannot respond to your questions or receive information from you without establishing an attorney-client relationship and clearing potential conflicts with other clients. Thank you for your patience and understanding.

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