



HOUSE BILL No. 4804

May 20, 1993, Introduced by Reps. Whyman, Goschka, Hill, Vorva, DeLange, Galloway, Kukuk, Gnodtke, Shugars, Horton, Bodem and Cropsey and referred to the Committee on Labor.

A bill to amend section 18 of Act No. 1 of the Public Acts of the Extra Session of 1936, entitled as amended "Michigan employment security act," as amended by Act No. 164 of the Public Acts of 1983, being section 421.18 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Section 1. Section 18 of Act No. 1 of the Public Acts of the Extra Session of 1936, as amended by Act No. 164 of the Public Acts of 1983, being section 421.18 of the Michigan Compiled Laws, is amended to read as follows:

Sec. 18. As used in this act:

(a) "Computation date" means June 30 of each year.

(b) "Balance" means:

(1) As applied to an employer's experience account or to the nonchargeable benefits account, the initial balance of that

1 account plus the credits and minus the charges ~~which~~ THAT are
 2 made in accordance with this act. A "negative balance" in an
 3 experience account exists when its balance is a minus quantity.

4 (2) As applied to the fund, the sum obtained by adding the
 5 total ~~moneys~~ MONEY received by the fund through the date in
 6 question plus interest earnings credited to the fund by the
 7 United States treasury as of or before that date, and
 8 subtracting:

9 (i) ~~amounts~~ AMOUNTS received by the fund from the federal
 10 government as advances to pay benefits under a federal act but
 11 not used as yet for that purpose. —

12 (ii) ~~advances~~ ADVANCES made to the fund by the federal
 13 government under section 1201 of the social security act, 42
 14 U.S.C. 1321, ~~which~~ THAT have not been repaid to, canceled, or
 15 recovered by the federal government. —

16 (iii) ~~amounts which~~ AMOUNTS THAT may have been appropri-
 17 ated by the legislature in accordance with section 903(c)(2) of
 18 the social security act, 42 U.S.C. 1103(c)(2). —, and—

19 (iv) ~~all~~ ALL disbursements from the fund.

20 (c) "Adjusted balance", as applied to the nonchargeable ben-
 21 efits account, means the balance of that account minus its con-
 22 tingent liabilities, namely, the amount of advances made to the
 23 fund by the federal government under section 1201 of the social
 24 security act, 42 U.S.C. 1321, ~~which~~ THAT have not been repaid
 25 to, canceled, or recovered by the federal government, —, and the
 26 total amount of negative balances in employer experience
 27 accounts.

1 (d) (1) The "experience component" of an employer's
2 contribution rate means the sum of the employer's chargeable ben-
3 efits and account building components.

4 (2) If ANY OF the applicable quarterly reports of wages and
5 contributions due with respect to the 12-month period ending on
6 the computation date have not been filed by an employer, the
7 employer's ~~experience component shall be set so that his or her~~
8 contribution rate for the calendar year affected shall be not
9 less than THE RATE CALCULATED BASED ON WAGE REPORTS FILED BY THE
10 EMPLOYER FOR THE 12-MONTH PERIOD PLUS A PENALTY RATE OF 3%. ~~the~~
11 ~~highest experience component applicable to any employer for the~~
12 ~~particular calendar year. However, for the first 2 consecutive~~
13 ~~calendar years of liability, the employer shall be assigned a~~
14 ~~rate of 2.7% for the calendar year affected, and the employer's~~
15 ~~contribution rates shall not include a nonchargeable benefits~~
16 ~~component for the first 4 consecutive years of liability, except~~
17 ~~that an employer whose contribution rate would otherwise be~~
18 ~~determined under section 19(a)(1)(ii) shall be assigned a rate in~~
19 ~~accordance with that paragraph.~~ HOWEVER, AN EMPLOYER WHO FAILS
20 TO FILE ANY WAGE REPORTS DUE WITH RESPECT TO THE 12-MONTH PERIOD
21 ENDING ON THE COMPUTATION DATE SHALL BE ASSIGNED THE HIGHEST
22 EXPERIENCE RATE COMPONENT APPLICABLE TO ANY EMPLOYER FOR THE PAR-
23 TICULAR YEAR, EXCEPT THAT AN EMPLOYER WHOSE CONTRIBUTION RATE
24 WOULD OTHERWISE BE LIMITED UNDER SECTION 19(A) SHALL RECEIVE THE
25 MAXIMUM RATE ALLOWED UNDER SECTION 19(A) FOR THAT EMPLOYER AND
26 SHALL IN ADDITION PAY A PENALTY RATE OF 3%. An employer whose
27 contribution rate has been determined under THIS section.

1 ~~19(a)(1)(ii)~~ may have his or her contribution rate redetermined
 2 UNDER THAT PROVISION OF SECTION 19 APPLICABLE TO THE EMPLOYER if
 3 the employer files the MISSING reports not later than 30 days
 4 after the date of mailing of the notice of determination of con-
 5 tribution rate. AN EMPLOYER WHO FILES THE MISSING REPORTS AND
 6 ANY ADDITIONAL MISSING WAGE REPORTS AFTER THE 30 DAYS BUT NOT
 7 LATER THAN 3 YEARS AFTER THE DATE OF MAILING OF THE DETERMINATION
 8 OF CONTRIBUTION RATE SHALL HAVE HIS OR HER CONTRIBUTION RATE
 9 REDETERMINED UNDER THAT PROVISION OF SECTION 19 APPLICABLE TO THE
 10 EMPLOYER AND IN ADDITION A PENALTY RATE OF 2%. A PENALTY RATE
 11 TAX PAID BY AN EMPLOYER SHALL NOT BE CREDITED TO THE EMPLOYER'S
 12 EXPERIENCE ACCOUNT AND SHALL BE DEPOSITED INTO THE INTEREST AND
 13 PENALTY ACCOUNT OF THE CONTINGENT FUND.

14 (e) (1) "Cost criterion" means the number arrived at as of
 15 each computation date through the following calculations:

16 (i) With respect to each period of 12 consecutive months
 17 starting after 1956, calculate the percentage ratio of the bene-
 18 fits paid during the 12 months to the aggregate amount of the
 19 payrolls paid by employers within the most recent calendar year
 20 completed before the start of the 12-month period.

21 (ii) Select the largest percentage ratio, which is referred
 22 to as the "cost criterion", to be used as of that computation
 23 date.

24 (2) For purposes of this subsection, "benefits" do not
 25 include benefits paid under a federal law or ~~which~~ THAT are
 26 reimbursable or have been reimbursed by the federal government,
 27 and "payroll" does not include remuneration paid by this state

1 and other employers who make reimbursement payments ~~in lieu~~
2 INSTEAD of contributions.

3 (f) "Payroll" means remuneration paid by a contributing
4 employer for employment.

5 (g) Notwithstanding the definition of "balance" as applied
6 to the fund and of "adjusted balance" as applied to the non-
7 chargeable benefits account by subsections (b) and (c), if the
8 federal unemployment tax act, 26 U.S.C. 3301 to 3311 or the
9 social security act, 42 U.S.C. 301 to ~~+397f~~ 1397e, is amended
10 to cancel the liability of employers in this state to pay addi-
11 tional federal unemployment taxes under the reduced credit provi-
12 sions of section 3302(c) of the federal unemployment tax act, 26
13 U.S.C. 3302(c), otherwise applicable to the then unpaid balance
14 of ~~moneys~~ MONEY advanced to the Michigan unemployment fund
15 since 1974, the amount of that part of the unpaid balance shall
16 be included in the balance of the unemployment fund and in the
17 adjusted balance of the nonchargeable benefits account.