



SENATE BILL No. 94

January 13, 1993, Introduced by Senator HONIGMAN 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:

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

5 Sec. 18. As used in this act:

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

7 (b) "Balance" means:

8 (1) As applied to an employer's experience account or to the
9 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~~ AMOUNT OF MONEY received by the fund through the
6 date in question plus interest earnings credited to the fund by
7 the United States treasury as of or before that date, and sub-
8 tracting ALL OF THE FOLLOWING:

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 TITLE XII of the social security
14 act, 42 U.S.C. 1321, which 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 TITLE IX of the social security act, 42 U.S.C. ~~1103(e)(2), and~~
19 1103.

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

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

1 government, ~~—~~ and the total amount of negative balances in
2 employer experience accounts.

3 (d) (1) The "experience component" of an employer's contri-
4 bution rate means the sum of the employer's chargeable benefits
5 and account building components.

6 (2) If the applicable quarterly reports of wages and contri-
7 butions due with respect to the 12-month period ending on the
8 computation date have not been filed by an employer, the
9 employer's experience component shall be set so that his or her
10 contribution rate for the calendar year affected shall be not
11 less than the highest experience component applicable to any
12 employer for the particular calendar year, BUT IN NO EVENT HIGHER
13 THAN 5%. However, for the first 2 consecutive calendar years of
14 liability, the employer shall be assigned a rate of 2.7% for the
15 calendar year affected, and the employer's contribution rates
16 shall not include a nonchargeable benefits component for the
17 first 4 consecutive years of liability, except that an employer
18 whose contribution rate would otherwise be determined under sec-
19 tion 19(a)(1)(ii) shall be assigned a rate in accordance with
20 that ~~paragraph~~ SUBPARAGRAPH. An employer whose contribution
21 rate has been determined under section 19(a)(1)(ii) may have his
22 or her contribution rate redetermined if the employer files the
23 reports not later than 30 days after the date of mailing of the
24 notice of determination of contribution rate.

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

1 (i) With respect to each period of 12 consecutive months
 2 starting after 1956, calculate the percentage ratio of the
 3 benefits paid during the 12 months to the aggregate amount of the
 4 payrolls paid by employers within the most recent calendar year
 5 completed before the start of the 12-month period.

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

9 (2) For purposes of this subsection, "benefits" do not
 10 include benefits paid under a federal law or which are reimbur-
 11 sable or have been reimbursed by the federal government. ~~and~~
 12 ~~"payroll"~~ "PAYROLL" does not include remuneration paid by this
 13 state and other employers who make reimbursement payments in lieu
 14 of contributions.

15 (f) "Payroll" means remuneration paid by a contributing
 16 employer for employment.

17 (g) Notwithstanding the definition of "balance" as applied
 18 to the fund and of "adjusted balance" as applied to the non-
 19 chargeable benefits account by subsections (b) and (c), if the
 20 federal unemployment tax act, CHAPTER 23 OF THE INTERNAL REVENUE
 21 CODE OF 1986, 26 U.S.C. 3301 to 3311, or the social security act,
 22 ~~42 U.S.C. 301 to 1397f~~ CHAPTER 531, 49 STAT. 620, is amended to
 23 cancel the liability of employers in this state to pay additional
 24 federal unemployment taxes under the reduced credit provisions of
 25 section 3302(c) of the federal unemployment tax act, CHAPTER 23
 26 OF THE INTERNAL REVENUE CODE OF 1986, 26 U.S.C. ~~3302(e)~~ 3302,
 27 otherwise applicable to the then unpaid balance of ~~moneys~~ MONEY

1 advanced to the Michigan unemployment fund since 1974, the amount
2 of that part of the unpaid balance shall be included in the bal-
3 ance of the unemployment fund and in the adjusted balance of the
4 nonchargeable benefits account.