



**Senate Fiscal Agency**  
**P. O. Box 30036**  
**Lansing, Michigan 48909-7536**

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**BILL ANALYSIS**



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House Bill 6136 (as reported without amendment)  
Sponsor: Representative Deborah Cherry  
House Committee: Human Resources and Labor  
Senate Committee: Human Resources, Labor and Veterans Affairs

### **CONTENT**

The bill would amend the Michigan Employment Security Act to specify that “remuneration” would not include money paid by an employer to a worker under a supplemental unemployment benefit (SUB) plan under Section 501(c) of the Internal Revenue Code, regardless of whether the benefits were paid from a trust or by an employer. (Section 501(c) includes a Federal income tax exemption for a trust forming part of a plan providing for the payment of supplemental unemployment benefits, under certain circumstances, and defines “supplemental unemployment compensation benefits” as benefits that are paid to an employee because of his or her involuntary separation from the employment resulting directly from a reduction in force, the discontinuance of a plant or operation, or other similar conditions, and sick and accident benefits subordinate to those benefits. According to a 1955 Opinion of the Attorney General (No. 2213), the payment of supplemental benefits from this type of trust fund does not constitute remuneration that disqualifies a worker from unemployment benefits, and money paid into the trust fund by an employer is not subject to contributions under the Michigan Employment Security Act.)

MCL 421.44

Legislative Analyst: S. Margules

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 12-10-96

Fiscal Analyst: M. Tyszkiewicz