

Senate Fiscal Agency
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Senate Bill 1015 (as reported without amendment)
Sponsor: Senator Glenn D. Steil
Committee: Human Resources and Labor

CONTENT

The bill would amend the Michigan Employment Security Act to do the following:

- Require an Indian tribe or tribal unit to pay reimbursements instead of contributions to the Unemployment Compensation Fund, unless it elected to make contributions.
- Provide that a tribe would lose the ability to pay reimbursements if it were in default.
- Require a tribe or tribal unit that made reimbursement payments to post security, in the amount of 4% of the employer's estimated total annual wage payments, unless it paid less than \$100,000 in gross wages in a year.

The bill provides that an Indian tribe or tribal unit liable as an employer under Section 41 of the Act would have to pay reimbursements instead of contributions under the same terms and conditions as all other reimbursing employers liable under Section 41, unless the tribe or tribal unit elected to pay contributions. (Section 41 specifies those entities that are considered to be "employers" under the Act. Employers are required to pay a percentage of total wages as a contribution (unemployment tax) to the State's Unemployment Compensation Fund.) A tribe or tribal unit that paid reimbursements instead of contributions would be billed for the full amount of benefits attributable to service in the employ of the tribe or tribal unit. The tribe or tribal unit would have to reimburse the Unemployment Compensation Fund, annually, within 30 days after the final billing was mailed for the immediately preceding calendar year.

An Indian tribe or tribal unit that elected to pay contributions would have to file a written request with the Unemployment Agency before January 1 of the year in which the election would be effective, or within 30 days of the bill's effective date. The tribe or tribal unit would have to determine if the election to pay contributions would apply to the tribe as a whole, apply only to individual tribal units, or apply to stated combinations of individual tribal units.

The bill specifies that, after December 20, 2000, the term "employer" would include an Indian tribe or tribal unit for which services were performed in employment as defined in the bill, and "employment" would include services performed in the employ of a tribe or tribal unit if the service were excluded from employment under Section 3306(c)(7) of the Federal Unemployment Tax Act and were not otherwise excluded from employment under the Michigan Employment Security Act. (Section 3306(c)(7) excludes services performed in the employ of an Indian tribe from the definition of "employment" in the Federal Act.)

Proposed MCL 421.13I

Legislative Analyst: George Towne

FISCAL IMPACT

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

Date Completed: 2-21-02

Fiscal Analyst: Elizabeth Pratt

