



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 6426 (Substitute H-1 as reported without amendment)
House Bill 6427 (as reported without amendment)
Sponsor: Representative Gino Polidori (H.B. 6426)
Representative Fred Miller (H.B. 6427)
House Committee: Labor
Senate Committee: Commerce and Tourism

CONTENT

House Bill 6426 (H-1) would amend the Michigan Employment Security Act to specify that benefits paid to a person who left employment to accompany a spouse who was a full-time member of the U.S. Armed Forces, and was reassigned for military service in a different geographic location, would not be chargeable to the employer. Those benefits would have to be charged to the nonchargeable benefits account.

House Bill 6426 (H-1) is tie-barred to House Bill 6427.

House Bill 6427 would amend the Michigan Employment Security Act to specify that a person would not be disqualified from receiving unemployment benefits if he or she were the spouse of a full-time member of the U.S. Armed Forces, and left employment due to the military duty reassignment of that armed forces member to a different geographic location.

Under the Act, an individual is disqualified from receiving unemployment benefits if he or she leaves work voluntarily without good cause attributable to the employer or employing unit. The bill would make an exception to this, as described above.

MCL 421.20 (H.B. 6426)
421.29 (H.B. 6427)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bills would increase the cost of the unemployment insurance program by expanding eligibility for benefits. The bills are not expected to create significant additional benefit costs for the system; however, given its current deficit position, any additional spending will increase the interest costs of borrowing from the Federal government to pay benefits. Under the bills, the cost of these benefits would be paid by the nonchargeable benefits account, an employer-supported fund that currently pays benefits that cannot be charged to a specific employer (for example, because an employer has gone into bankruptcy). The Act requires that all employers pay into the nonchargeable benefits account at rates that vary from 0.06% to 1.0% (applied to the first \$9,000 of employee wages), depending on an employer's experience rating. In FY 2007-08, about 3.0% of all unemployment benefits in Michigan were paid by the nonchargeable benefits account. Unemployment programs are administered by the Unemployment Insurance Agency within the Department of Labor and Economic Growth.

Date Completed: 12-18-08

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Analysis available @ <http://www.michiganlegislature.org>

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