



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 6426 (Substitute H-1 as passed by the House)

House Bill 6427 (as passed by the House)

Sponsor: Representative Gino Polidori (H.B. 6426)

Representative Fred Miller (H.B. 6427)

House Committee: Labor

Senate Committee: Commerce and Tourism

Date Completed: 12-17-08

CONTENT

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

- Specify that a person would not be disqualified from receiving unemployment benefits if he or she left employment to accompany a spouse who served full-time in the military and was transferred to a different location.**
- Require that, for benefits years beginning after March 30, 2009, benefits paid to a military spouse as described above be charged to the nonchargeable benefits account, not the employer's experience account.**

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

House Bill 6426 (H-1)

The Act requires the Unemployment Insurance Agency to maintain in the Unemployment Compensation Fund a nonchargeable benefits account and a separate experience account for each employer, and identifies items for which the nonchargeable benefits account must be credited and items for which it must be charged. Generally, unemployment benefits paid to a recipient must be charged against the employer's account.

The bill specifies that, for benefits years beginning after March 30, 2009, 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 6427

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. If the individual has an established benefit year in effect and during that benefit year leaves unsuitable work within 60 days after the beginning of that work, the leaving does not disqualify the individual from receiving benefits.

Under the bill, a leaving also would not disqualify an individual from receiving benefits if he or she were the spouse of a full-time member of the U.S. Armed Forces, and the leaving were due to the military duty reassignment of that armed forces member to a different geographic location.

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 to include any person leaving employment due to a geographic transfer of a spouse who serves full-time in the military. The bills are not expected to create significant additional benefit costs for the unemployment system; however, given the current deficit position of the unemployment insurance system, 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.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.