

SUBSTITUTE FOR
HOUSE BILL NO. 6599

A bill to amend 1936 (Ex Sess) PA 1, entitled
"Michigan employment security act,"
(MCL 421.1 to 421.75) by adding section 13m.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 13M. (1) A PROFESSIONAL EMPLOYER ORGANIZATION (PEO) SHALL
2 USE THE FOLLOWING METHOD FOR EMPLOYER REPORTING AND CONTRIBUTIONS
3 OBLIGATIONS UNDER THIS ACT:

4 (A) THE PEO SHALL FILE QUARTERLY WAGE REPORTS AND UNEMPLOYMENT
5 CONTRIBUTION REPORTS AS THE EMPLOYER OF COVERED EMPLOYEES BASED ON
6 THE ACCOUNT INFORMATION OF EACH CLIENT EMPLOYER. THE PEO SHALL
7 PROVIDE THE UNEMPLOYMENT AGENCY WITH A SCHEDULE SHOWING THE COVERED
8 EMPLOYEES AND UNEMPLOYMENT INSURANCE EMPLOYER ACCOUNT NUMBER OF
9 EACH CLIENT EMPLOYER AS A PART OF EACH REPORT. EACH CALENDAR
10 QUARTER IN THE MANNER REQUIRED BY R 421.121 OF THE MICHIGAN
11 ADMINISTRATIVE CODE, THE PEO OR THE CLIENT SHALL PAY THE

1 UNEMPLOYMENT AGENCY THE TOTAL AMOUNT DUE FOR COVERED EMPLOYEES,
2 BASED ON THE INDIVIDUAL CONTRIBUTION PAYMENTS, ITEMIZED BY CLIENT
3 EMPLOYER ACCOUNT NUMBER.

4 (B) A PEO SHALL NOTIFY THE UNEMPLOYMENT AGENCY WITHIN 30 DAYS
5 AFTER ANY EMPLOYER BECOMES A CLIENT OF THE PEO AND WITHIN 30 DAYS
6 AFTER THE PEO DISCONTINUES AN ASSOCIATION WITH A CLIENT EMPLOYER.

7 (C) THE RATES ESTABLISHED SHALL COMPLY WITH SECTION 19. THE
8 EXPERIENCE OF THE CLIENT EMPLOYER PRIOR TO THE REPORTING FOR ITS
9 EMPLOYEES BY THE PEO SHALL BE COMBINED WITH THE EXPERIENCE OF THE
10 PEO IN PROPORTION TO THE NUMBER OF CLIENT EMPLOYEES REPORTED BY THE
11 PEO TO THE TOTAL NUMBER OF EMPLOYEES REPORTED BY THE PEO.

12 (D) A BUSINESS ENTITY THAT BECOMES A CLIENT EMPLOYER OF A PEO
13 ON OR AFTER JANUARY 1, 2009 SHALL RETAIN ITS EXISTING CONTRIBUTION
14 RATE OR ESTABLISH A NEW RATE AS PROVIDED IN SECTION 19, IF THE
15 CLIENT EMPLOYER IS A CONTRIBUTING EMPLOYER.

16 (2) WITHIN 30 DAYS AFTER THE INCEPTION OF EACH NEW PEO
17 AGREEMENT, THE PEO SHALL PROVIDE THE UNEMPLOYMENT AGENCY WITH THE
18 NAME AND EMPLOYER IDENTIFICATION NUMBER OF EACH CLIENT UNDER THE
19 AGREEMENT AND INCLUDE A LIST OF ANY ACTIVE OR INACTIVE UNEMPLOYMENT
20 INSURANCE ACCOUNT NUMBER ASSOCIATED WITH THAT CLIENT AND AN
21 EXPLANATION OF ANY CLIENT ACCOUNT THAT WILL REMAIN OPEN.

22 (3) WITHIN 30 DAYS AFTER THE TERMINATION OF A SERVICE CONTRACT
23 WITH A CLIENT, THE PEO SHALL PROVIDE THE UNEMPLOYMENT AGENCY WITH
24 THE NAME AND EMPLOYER IDENTIFICATION NUMBER OF EACH CLIENT
25 SEPARATED UNDER THE TERMINATED AGREEMENT AND THE DATE OF THE
26 SEPARATION.

27 (4) BY APRIL 25, 2009, EACH CLIENT EMPLOYER THAT DOES NOT HAVE

1 A FEDERAL AND STATE EMPLOYER IDENTIFICATION NUMBER SHALL REGISTER
2 FOR A FEDERAL AND STATE EMPLOYER IDENTIFICATION NUMBER.

3 (5) A REPORT REQUIRED UNDER THIS ACT MAY BE SUBMITTED
4 ELECTRONICALLY.

5 (6) THE REQUIREMENTS IN THIS SECTION DO NOT PRECLUDE THE
6 UNEMPLOYMENT AGENCY FROM ENFORCING ANY PROVISION OF THIS ACT BASED
7 ON ANY ACT OR OMISSION BY A PEO THAT OCCURRED BEFORE JANUARY 1,
8 2009.

9 Enacting section 1. This amendatory act takes effect January
10 1, 2009.

11 Enacting section 2. This amendatory act does not take effect
12 unless House Bill No. 6601 of the 94th Legislature is enacted into
13 law.