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BILL ANALYSIS



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Senate Bill 427 (as introduced 6-12-13)
Sponsor: Senator Howard C. Walker
Committee: Reforms, Restructuring and Reinventing

Date Completed: 9-24-13

CONTENT

The bill would amend the Michigan Employment Security Act by modifying the definition of "employment" to exclude contractual services that an oil, gas, and mineral landman performed.

An individual's eligibility for unemployment benefits under the Act, and an employer's liability for contributions, depends initially on whether work or a service qualifies as "employment". The Act defines "employment" as service, including service in interstate commerce, performed for remuneration or under any contract of hire, written or oral, express or implied. Section 42 of the Act further elaborates on what "employment" includes, and Section 43 describes what "employment" does not include.

The bill would amend Section 43 to provide that "employment" does not include a service that an individual performs as an oil, gas, or mineral landman under a contract with a private person or entity under the following circumstances:

- Substantially all pay, including payment at a daily rate paid in cash or otherwise for the service, is directly related to the individual's completion of specific contracted tasks rather than the number of hours worked.
- The contract provides that the individual is an independent contractor and not an employee with respect to the contracted service.

"Landman" would mean an individual who is engaged in one or more of the following:

- Negotiating the acquisition or divestiture of oil, gas, and mineral rights.
- Negotiating business agreements that provide for exploration for, transportation of, or development of oil, gas, and minerals.
- Determining the ownership of oil, gas, and minerals through research of public and private records.
- Reviewing the status of the title to, and curing title defects and deficiencies associated with, the ownership of oil, gas, and minerals.
- Managing rights or obligations derived from the ownership of interests in oil, gas, and minerals.
- Interacting with regulatory agencies in support of activities relating to exploring for and producing oil, gas, and minerals, including unitizing or pooling interests in oil, gas, and minerals.

FISCAL IMPACT

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

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