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Senate Bill 900 (as enacted)
Sponsor: Senator Jack Brandenburg
Senate Committee: Reforms, Restructuring and Reinventing
House Committee: Commerce

PUBLIC ACT 268 of 2014

Date Completed: 7-10-14

CONTENT

The bill amended the Worker's Disability Compensation Act to enable the Director of the Worker's Compensation Agency to authorize claims for reimbursement from the Compensation Supplement Fund to be filed for periods of time different from those prescribed in the Act. The bill also allows the Private Employer Group Self-Insurers Security Fund to obtain reimbursement from the Compensation Supplement Fund.

Section 352 of the Act allows a supplement to worker's compensation for an employee who is receiving or is entitled to receive benefits equal to the maximum payable under Section 351 or the dependent of a deceased employee receiving or entitled to receive benefits under Section 321 whose benefits are based on a date of personal injury between September 1, 1965, and December 31, 1979. (Section 351 provides for benefits to an injured employee who is totally incapacitated for work. Section 321 provides for benefits to the dependents of an employee whose personal injury resulted in death, who were totally wholly dependent on the employee's earnings for support at the time of the injury.)

The supplemental payments must be paid by an insurer or self-insurer on a weekly basis. An insurer, self-insurer, the Second Injury Fund, and the Self-Insurers' Security Fund are entitled to quarterly reimbursement for the payments from the Compensation Supplement Fund, except that an insurer or self-insurer is required to take a credit under the Insurance Code, the former Single Business Tax Act, or the Michigan Business Tax Act, as applicable.

An application for a claim for reimbursement must be filed with the Director of the Worker's Compensation Agency within three months after the date in which the right to reimbursement first accrues. A reimbursement may not be allowed for a period that is more than one year before the date the application is filed. Under the bill, both of these provisions apply except as otherwise authorized by the Director.

With respect to the credit allowed under the Michigan Business Tax Act, the bill adds, "for periods prior to January 1, 2012" (which is the date on which the credit was discontinued).

The bill also includes the Private Employer Group Self-Insurers Security Fund (PEGSISF) among the entities that are entitled to reimbursement from the Compensation Supplement Fund. (Public Act 228 of 2014 creates the PGSISF as a "spin off" of the Self-Insurers' Security Fund effective January 1, 2020. Public Act 228 is part of a package of legislation that extends workers' compensation payments to employees of an insolvent self-insurer that filed for bankruptcy in 2005.)

The bill took effect on July 2, 2014.

FISCAL IMPACT

The bill will have no fiscal impact on the operations of the Department of Licensing and Regulatory Affairs (LARA) and no fiscal impact on local units of government. The bill allows the Director of the Worker's Compensation Agency (within LARA) to make reimbursements from the Compensation Supplement Fund for supplemental payments that occurred more than one year before the application for reimbursement is made. This will allow the Director to authorize reimbursements to several companies that are paying supplemental payments eligible for reimbursement from the Fund. These companies had been receiving reimbursement via credits under the former SBT and the MBT; however, the Corporate Income Tax enacted in 2011 does not have allow such a credit to be claimed. An additional \$1.0 million was included in the enacted fiscal year 2014-15 LARA budget so eligible employers that are no longer able to claim the SBT or MBT credits can receive reimbursement directly from the Compensation Supplement Fund.

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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.