

**SUBSTITUTE FOR  
HOUSE BILL NO. 4958**

A bill to amend 1936 (Ex Sess) PA 1, entitled  
"Michigan employment security act,"  
by amending sections 26a, 42, and 43 (MCL 421.26a, 421.42, and  
421.43), section 26a as added by 2011 PA 268, section 42 as amended  
by 2011 PA 269, and section 43 as amended by 2004 PA 243.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 26a. (1) The director of the department of licensing and  
2       regulatory affairs may request the Michigan finance authority to  
3       issue notes, bonds, financial instruments, or other evidences of  
4       indebtedness, the proceeds of which may be used for any of the  
5       following purposes:

6       (a) To finance, refinance, refund, or advance refund any  
7       payment required or obligation arising under this section or under  
8       42 USC 1321 and 1322.

1 (b) To repay amounts owed or to be owed to the United States  
2 treasury resulting from advances made to this state by the federal  
3 government under federal law, including 42 USC 1321, together with  
4 interest on those advances.

5 (c) To reimburse funds advanced or loaned under either of the  
6 following circumstances:

7 (i) By this state to the unemployment trust fund and used to  
8 make any payment required or obligation described in this section  
9 or 42 USC 1321.

10 (ii) By the unemployment trust fund to the obligation trust  
11 fund and used to pay obligations of the Michigan finance authority.

12 (d) To fund unemployment compensation benefits and this  
13 state's account within the federal government unemployment trust  
14 fund, including balances in that account.

15 (e) To fund capitalized interest; debt service reserve funds;  
16 and payment of costs of, and administrative expenses in connection  
17 with, issuing obligations.

18 (2) In 2011 and in each year thereafter in which any  
19 obligation is outstanding, an employer is subject to, shall be  
20 assessed, and shall pay an unemployment obligation assessment,  
21 which shall be collected quarterly and shall be deposited to the  
22 credit of the obligation trust fund. The obligation assessment is  
23 in addition to the employer's required contributions, is not  
24 subject to the limiting provisions for contributions required under  
25 this act, and is in addition to and separate from the solvency tax  
26 imposed under section 19a.

27 (3) The unemployment obligation assessment rate shall be

1 determined by the state treasurer after consultation with the  
2 director of the department of licensing and regulatory affairs and  
3 shall be an amount sufficient to ensure timely payment of all of  
4 the following:

5 (a) Principal, interest, and any redemption premium on the  
6 obligations.

7 (b) Administrative expenses, credit enhancement and  
8 termination fees, and other fees, if any, in connection with  
9 issuing the obligations.

10 (c) All other amounts required to be maintained and paid under  
11 the terms of a resolution, indenture, or authorizing statute under  
12 which the obligation is issued.

13 (d) Amounts necessary to maintain the ratings on the  
14 obligations that are assigned by a nationally recognized rating  
15 service at a level determined by the state treasurer, in his or her  
16 sole discretion.

17 (4) The obligation assessment rate may take into account the  
18 employer's experience rating from the previous year.

19 **NOTWITHSTANDING THE EXCLUSION FROM EMPLOYMENT UNDER SECTION**  
20 **43 (A) (ii) OF SERVICES PERFORMED FOR THE EMPLOYER, WAGES PAID FOR**  
21 **PERFORMING THOSE SERVICES SHALL BE USED TO CALCULATE THE EMPLOYER'S**  
22 **OBLIGATION ASSESSMENT RATE AND OBLIGATION ASSESSMENT UNDER THIS**  
23 **SECTION.** The obligation assessment rate shall be applied against  
24 the taxable wage limit described in section 44, and shall be  
25 assessed against all contributing employers.

26 (5) The obligation assessment is due at the same time,  
27 collected in the same manner, and subject to the same penalties and

1 interest as contributions assessed under this act.

2 (6) The proceeds of obligation assessments received each year  
3 are irrevocably pledged and dedicated to the payment of obligations  
4 and administrative expenses on those expenses and are subject to  
5 the pledge and lien made to the extent and as described in the  
6 resolution, indenture, or the authorizing statute under which the  
7 obligation is issued.

8 (7) The director of the department of licensing and regulatory  
9 affairs shall administer and cause the obligation assessments to be  
10 collected.

11 (8) The director of the department of licensing and regulatory  
12 affairs may request the state treasurer to establish additional  
13 special subaccounts within the obligation trust fund for the  
14 purpose of identifying more precisely the sources of payments into  
15 and disbursements from the obligation trust fund, or as may be  
16 required under the resolution or indenture authorizing the  
17 obligations.

18 (9) The director of the department of licensing and regulatory  
19 affairs or his or her designee may enter into agreements with the  
20 issuer of the obligations or a third party as is necessary to issue  
21 the obligations. Nothing in this act or any provision of any  
22 document authorized under this section creates or constitutes state  
23 indebtedness.

24 (10) As used in this section and section 10a:

25 (a) "Michigan finance authority" means the authority created  
26 under Executive Order No. 2010-2, MCL 12.194.

27 (b) "Obligation" means a note, bond, financial instrument or

1 other evidence of indebtedness issued as provided in this section.

2 (c) "Unemployment obligation assessment" means an assessment  
3 on an employer under this section.

4 (d) "Obligation trust fund" means the fund created in section  
5 10a.

6 Sec. 42. (1) "Employment" means service, including service in  
7 interstate commerce, performed for remuneration or under any  
8 contract of hire, written or oral, express or implied.

9 (2) "Employment" includes an individual's entire service,  
10 performed within or both within and without this state if any of  
11 the following apply:

12 (a) The service is localized in this state. Service shall be  
13 deemed to be localized within a state if the service is performed  
14 entirely within the state; or the service is performed both within  
15 and without the state, but the service performed without the state  
16 is incidental to the individual's service within the state, such as  
17 service which is temporary or transitory in nature or consists of  
18 isolated transactions.

19 (b) The service is not localized in a state but some of the  
20 service performed in this state and the base of operations, or, if  
21 there is not a base of operations, then the place from which the  
22 service is directed or controlled, is in this state; or the base of  
23 operations or place from which the service is directed or  
24 controlled is not in a state in which some part of the service is  
25 performed, but the individual's residence is in this state.

26 (c) After December 31, 1964, the service is not localized in  
27 any state but is performed by an employee on or in connection with

1 an American aircraft, if either the contract of service is entered  
2 into within this state or if the contract of service is not entered  
3 into within this state or within any other state and during the  
4 performance of the contract of service and while the employee is  
5 employed on the aircraft, it touches at an airfield in this state,  
6 and the employee is employed on and in connection with the aircraft  
7 when outside the United States. The unemployment agency may enter  
8 into reciprocal agreements with other states with respect to  
9 aircraft which touch airfields in more than 1 state.

10 (3) Service performed within this state but not covered under  
11 subsection (2) and not excluded under section 43 shall be deemed to  
12 be employment subject to this act if contributions are not required  
13 and paid with respect to those services under an unemployment  
14 compensation law of any other state or of the federal government.

15 (4) Services, not covered under subsection (2), performed  
16 entirely without this state, for which contributions are not  
17 required and paid under an unemployment compensation law of any  
18 other state or of the federal government, shall be deemed to be  
19 employment subject to this act if the unemployment agency approves  
20 the election of the employer for whom the services are performed  
21 that the entire service of the individual shall be deemed to be  
22 employment subject to this act. Such an election may be canceled by  
23 the employer by filing a written notice with the unemployment  
24 agency before January 30 of any year stating the employer's desire  
25 to cancel the election or at any time by submitting to the  
26 unemployment agency satisfactory proof that the services designated  
27 in the election are covered by an unemployment compensation law of

1 another state or of the federal government, or if the services are  
2 covered by an arrangement pursuant to section 11 between the  
3 unemployment agency and the agency charged with the administration  
4 of any other state or federal unemployment compensation law,  
5 pursuant to which all services performed by an individual for an  
6 employing unit are deemed to be performed entirely within the  
7 state, shall be deemed to be employment if the unemployment agency  
8 has approved an election of the employing unit for which the  
9 services are performed, pursuant to which the entire service of the  
10 individual during the period covered by the election is deemed to  
11 be employment.

12 (5) Before January 1, 2013, services performed by an  
13 individual for remuneration are not employment subject to this act,  
14 unless the individual is under the employer's control or direction  
15 as to the performance of the services both under a contract for  
16 hire and in fact. Service performed by an individual for  
17 remuneration under an exclusive contract that provides for the  
18 individual's control and direction by a person, firm, or  
19 corporation possessing a public service permit or by a certificated  
20 motor carrier transporting goods or property for hire are  
21 employment subject to this act. Service is employment under this  
22 act if it is performed by an individual who by lease, contract, or  
23 arrangement places at the disposal of a person, firm, or  
24 corporation a piece of motor vehicle equipment and under a contract  
25 of hire that provides for the individual's control and direction,  
26 is engaged by the person, firm, or corporation to operate the motor  
27 vehicle equipment. On and after January 1, 2013, services are

1 employment if the services are performed by an individual who the  
2 agency determines to be in an employer-employee relationship using  
3 the 20-factor test announced by the internal revenue service of the  
4 United States department of treasury in revenue ruling 87-41, 1987-  
5 1 C.B. 296. An individual from whom an employer is required to  
6 withhold federal income tax is prima facie considered to perform  
7 services in employment under this act.

8 (6) Notwithstanding section 43, services performed for an  
9 employing unit, for which the employing unit is liable for federal  
10 tax against which credit may be taken for contributions required to  
11 be paid into a state unemployment compensation fund, **EXCEPT SERVICE**  
12 **PERFORMED BY AN INDIVIDUAL HOLDING A VISA DESCRIBED IN SECTION**  
13 **101(A) (15) (H) (II) (B) OF THE IMMIGRATION AND NATIONALITY ACT, 8 USC**  
14 **1101**, shall be deemed to constitute employment for the purposes of  
15 this act, but only to the extent that the services constitute  
16 employment with respect to which federal tax is payable.  
17 Notwithstanding any other provision of this act or any amendatory  
18 act, services performed for an employing unit which are required to  
19 be covered under this act, as a condition for its certification by  
20 the United States secretary of labor, shall constitute employment  
21 for the purposes of this act. The unemployment agency may waive the  
22 provisions of this subsection with respect to services performed  
23 within this state if the employing unit is an employer solely by  
24 reason of section 41(7) and establishes that the services are  
25 covered by the election of the employing unit under any other state  
26 unemployment compensation law. This subsection ~~shall~~ **DOES** not apply  
27 to the exceptions provided in section 43(q).



1           (7) Notwithstanding subsection (2) all service performed after  
2 December 31, 1964, by an officer or member of the crew of an  
3 American vessel on or in connection with the vessel is deemed to be  
4 employment subject to this act if the operating office, from which  
5 the operations of the vessel operating on navigable waters within,  
6 or within and without, the United States are ordinarily and  
7 regularly supervised, managed, directed, and controlled, is within  
8 this state.

9           (8)(a) Service performed before January 1, 1978, by an  
10 individual in the classified civil service of this state and  
11 service performed by an individual for a school district, a  
12 community college district, a school or educational facility owned  
13 or operated by the state other than an institution of higher  
14 education, or a political subdivision of the state ~~, except a~~  
15 ~~political subdivision which has a local unemployment compensation~~  
16 ~~system as provided in section 13j,~~ is employment subject to this  
17 act.

18           (b) Service performed after December 31, 1977, in the employ  
19 of a governmental entity as defined in section 50a is employment  
20 subject to this act.

21           (9) "Employment" includes service performed after December 31,  
22 1971, by an individual in the employ of this state or any of its  
23 instrumentalities for a state hospital or state institution of  
24 higher education, or in the employ of this state and 1 or more  
25 other states or their instrumentalities for a hospital or  
26 institution of higher education located in this state. Coverage of  
27 services performed for these hospitals and institutions of higher

1 education after December 31, 1977, shall be determined pursuant to  
2 ~~section 42(8)(b)~~. **SUBSECTION (8) (B) .**

3 (10) "Employment" includes service performed after December  
4 31, 1971, by an individual in the employ of a religious,  
5 charitable, educational, or other organization which is excluded  
6 from the term "employment" as defined in the federal unemployment  
7 tax act solely by reason of section 3306(c)(8) of the unemployment  
8 tax act.

9 (11) "Employment" includes service performed after December  
10 31, 1971, by an individual for his principal as an agent driver or  
11 commission driver engaged in distributing beverages, meat,  
12 vegetable, fruit, bakery, dairy, or other food products, or laundry  
13 or dry cleaning services; or as a traveling or city salesman, other  
14 than as an agent driver or commission driver, engaged upon a full-  
15 time basis in the solicitation on behalf of, and the transmission  
16 to, his principal except for sideline sales activities on behalf of  
17 some other person, of orders from wholesalers, retailers,  
18 contractors, operators of hotels, restaurants, or other similar  
19 establishments for merchandise for resale or supplies for use in  
20 their business operations. For purposes of this subsection,  
21 "employment" includes services performed after December 31, 1971,  
22 only if all of the following apply:

23 (a) The contract of service contemplates that substantially  
24 all of the services are to be performed personally by the  
25 individual.

26 (b) The individual does not have a substantial investment in  
27 facilities used in connection with the performance of the services

1 other than in facilities for transportation.

2 (c) The services are not in the nature of a single transaction  
3 which is not part of a continuing relationship with the person for  
4 whom the services are performed.

5 (12) "Employment" includes service performed by a United  
6 States citizen outside the United States after December 31, 1971,  
7 except in Canada, and in the Virgin Islands after December 31,  
8 1971, and before January 1 of the year following the year in which  
9 the United States secretary of labor approves the unemployment  
10 compensation law of the Virgin Islands under section 3304(a) of the  
11 internal revenue code, while in the employ of an American employer  
12 and is other than service which is employment pursuant to  
13 subsection (2) or a parallel provision of another state's law, if  
14 the requirements of subdivision (a), (b), or (c) are met:

15 (a) The employer's principal place of business in the United  
16 States is located in this state.

17 (b) The employer does not have a place of business in the  
18 United States, but the employer is any of the following:

19 (i) An individual who is a resident of this state.

20 (ii) A corporation which is organized under the laws of this  
21 state.

22 (iii) A partnership or a trust and the number of the partners or  
23 trustees who are residents of this state is greater than the number  
24 who are residents of any one other state.

25 (c) None of the criteria of subdivisions (a) and (b) is met  
26 but the employer elected coverage of the service under this act, or  
27 the employer failed to elect coverage in any state and the

1 individual filed a claim for benefits based on the service under  
2 the law of this state.

3 (d) An "American employer", for purposes of this subsection,  
4 means a person who is one of the following:

5 (i) An individual who is a resident of the United States.

6 (ii) A partnership if 2/3 or more of the partners are residents  
7 of the United States.

8 (iii) A trust, if all of the trustees are residents of the  
9 United States.

10 (iv) A corporation organized under the laws of the United  
11 States or of any state.

12 (e) As used in this subsection, "United States" includes the  
13 states, the District of Columbia, and the Commonwealth of Puerto  
14 Rico.

15 (13) Notwithstanding any other provision of this act, the term  
16 "employment" ~~shall include~~ **INCLUDES** an individual's service,  
17 wherever performed within the United States, the Virgin Islands, or  
18 Canada, if the service is not covered under the unemployment  
19 compensation law of any other state, the Virgin Islands, or Canada,  
20 and the place from which the service is directed or controlled is  
21 in this state.

22 Sec. 43. Except as otherwise provided in section 42(6), the  
23 term "employment" does not include any of the following:

24 (a) ~~Agricultural service~~ **SERVICES** performed by an individual  
25 who is an alien admitted to the United States to perform ~~that~~  
26 ~~service according to sections~~ **SERVICES DESCRIBED IN EITHER OF THE**  
27 **FOLLOWING:**

1           (i) SECTIONS 214(c) and ~~101(a)(15)(H)~~ 101(A)(15)(H)(II)(A) of  
2 the immigration and nationality act, 8 USC 1184 and 8 USC  
3 ~~1101.1101(A)(15)(H)(II)(A)~~.

4           (ii) BEGINNING JANUARY 1, 2014, SERVICES DESCRIBED IN SECTION  
5 101(A)(15)(H)(II)(B) OF THE IMMIGRATION AND NATIONALITY ACT, 8 USC  
6 1101(A)(15)(H)(II)(B), AND SERVICES DESCRIBED IN 22 CFR 62.28 TO  
7 62.32 THAT ARE PERFORMED BY A HOLDER OF A J-1 EXCHANGE VISITOR  
8 PROGRAM VISA ISSUED UNDER SECTION 101(A)(15)(J) OF THE IMMIGRATION  
9 AND NATIONALITY ACT, 8 USC 1101(A)(15)(J), AND THE MUTUAL  
10 EDUCATIONAL AND CULTURAL EXCHANGE ACT OF 1961, 22 USC 2451 TO 2464.  
11 THE EMPLOYER CLAIMING AN EXCLUSION UNDER THIS SUBPARAGRAPH MUST  
12 BE THE PETITIONER OF AN H-2B VISA HOLDER, AS DOCUMENTED ON AN  
13 APPROVED I-129 PETITION FOR A NONIMMIGRANT WORKER, OR THE SPONSOR  
14 OF THE J-1 EXCHANGE VISITOR PROGRAM VISA HOLDER, AS DOCUMENTED IN  
15 THE DS-2019 FORM. THE EMPLOYER SHALL MAINTAIN THE SUPPORTING  
16 DOCUMENTATION FOR THE CLAIM FOR 6 YEARS AND, UPON REQUEST,  
17 PROVIDE THE UNEMPLOYMENT AGENCY WITH THAT DOCUMENTATION FOR  
18 COMPLIANCE AND VERIFICATION PURPOSES. THIS SUBPARAGRAPH IS  
19 INTENDED TO APPLY RETROACTIVELY TO INCLUDE THE FULL CALENDAR YEAR.

20           (b) Service performed in the employ of another state or its  
21 political subdivisions, or of an instrumentality of another state  
22 or its political subdivisions, except as otherwise provided in  
23 section 42(9); and service performed in the employ of the United  
24 States government or an instrumentality of the United States exempt  
25 under the constitution of the United States from the contributions  
26 imposed by this act. However, to the extent that the congress of  
27 the United States permits states to require instrumentalities of

1 the United States to make payments into an unemployment fund under  
2 a state unemployment compensation law, this act applies to the  
3 instrumentalities and to services performed for the  
4 instrumentalities in the same manner, to the same extent, and on  
5 the same terms as to all other employers, employing units,  
6 individuals, and services. If this state is not certified for any  
7 year by the appropriate agency of the United States under section  
8 3304(c) of the federal unemployment tax act, chapter 23 of subtitle  
9 C of the internal revenue code of 1986, 26 USC 3304, the payments  
10 required of the instrumentalities with respect to the year shall be  
11 refunded by the commission from the fund in the same manner and  
12 within the same period as provided in section 16 with respect to  
13 contributions erroneously collected.

14 (c) Service with respect to which unemployment compensation is  
15 payable under an unemployment compensation system established by an  
16 act of congress. However, the commission shall enter into  
17 agreements with the proper agencies under the act of congress,  
18 which agreements take effect 10 days after publication of the  
19 agreements in the manner provided in section 4 for regulations to  
20 provide reciprocal treatment to individuals who have, after  
21 acquiring potential rights to benefits under this act, acquired  
22 rights to unemployment compensation under the act of congress, or  
23 who have, after acquiring potential rights to unemployment  
24 compensation under the act of congress, acquired rights to benefits  
25 under this act.

26 (d) Agricultural labor. As used in this subdivision,  
27 "agricultural labor" includes all of the following:

1           (i) Service performed on a farm, in the employ of any person,  
2 in connection with cultivating the soil, or in connection with  
3 raising or harvesting an agricultural or horticultural commodity,  
4 including the raising, shearing, feeding, caring for, training, and  
5 management of livestock, bees, poultry, and fur-bearing animals and  
6 wildlife.

7           (ii) Service performed in the employ of the owner, tenant, or  
8 other operator of a farm in connection with the operation,  
9 management, conservation, improvement, or maintenance of a farm and  
10 its tools and equipment, or in salvaging timber or clearing land of  
11 brush and other debris left by a hurricane, if the major part of  
12 the service is performed on a farm.

13           (iii) Service performed in connection with the production or  
14 harvesting of a commodity defined as an agricultural commodity in  
15 section 15(g) of the agricultural marketing act, 12 USC 1141j, in  
16 connection with the ginning of cotton, or the operation or  
17 maintenance of ditches, canals, reservoirs, or waterways not owned  
18 or operated for profit, used exclusively for supplying and storing  
19 water for farming purposes.

20           (iv) Service performed in the employ of the operator of a farm  
21 in handling, planting, drying, packing, packaging, processing,  
22 freezing, grading, storing, or delivering to storage, to market, or  
23 to a carrier for transportation to market, in its unmanufactured  
24 state, an agricultural or horticultural commodity, if the operator  
25 produced more than 1/2 of the commodity for which the service is  
26 performed.

27           (v) Service performed in the employ of a group of operators of

1 farms or a cooperative organization of which the operators are  
2 members, in the performance of service described in subparagraph  
3 (iv), but only if the operators produced more than 1/2 of the  
4 commodity for which the services are performed.

5 (vi) Service performed on a farm operated for profit if the  
6 service is not in the course of the employer's trade or business.

7 (vii) Subparagraphs (iv) and (v) do not apply to service  
8 performed in connection with commercial canning or commercial  
9 freezing or in connection with an agricultural or horticultural  
10 commodity after its delivery to a terminal market for distribution  
11 for consumption.

12 (viii) As used in this subdivision, "farm" includes stock,  
13 dairy, poultry, fruit, fur-bearing animals, truck farms,  
14 plantations, ranches, nurseries, ranges, and greenhouses, or other  
15 similar structures used primarily for the raising of agricultural  
16 or horticultural commodities.

17 (ix) Agricultural labor is not excluded from the term  
18 employment if the labor is performed for an employer as defined in  
19 section 41(5).

20 (e) Domestic service in a private home, local college club, or  
21 local chapter of a college fraternity or sorority not operated for  
22 profit. Domestic service is not excluded from the term "employment"  
23 if performed for an employer as defined in section 41(6).

24 (f) Service as an officer or member of a crew of an American  
25 vessel performed on or in connection with the vessel, except a  
26 vessel of less than 200 horsepower, if the operating office from  
27 which the operations of the vessel operating on navigable waters



1 within or without the United States are ordinarily and regularly  
2 supervised, managed, directed, and controlled is without this  
3 state; and service performed by an individual in or as an officer  
4 or member of the crew of a vessel while it is engaged in the  
5 catching, taking, or harvesting of any kind of fish including  
6 service performed by an individual as an ordinary incident to that  
7 activity, except service performed on or in connection with a  
8 vessel of more than 10 net tons determined in the manner provided  
9 for determining the register tonnage of merchant vessels under the  
10 laws of the United States.

11 (g) Service performed by an individual in the employ of the  
12 individual's son, daughter, or spouse, and service performed by a  
13 child less than 18 years of age in the employ of the child's  
14 parent.

15 (h) Service performed by real estate salespersons, sales  
16 representatives of investment companies, and agents or solicitors  
17 of insurance companies who are compensated principally or wholly on  
18 a commission basis.

19 (i) Service performed within this state by an individual who  
20 is not a citizen of the United States or service performed within  
21 this state for an employer other than an American employer as  
22 defined in section 42(12)(d), if the service is incidental to the  
23 individual's service in a foreign country in which the base of  
24 operation is maintained or from which the service is directed or  
25 controlled.

26 (j) Service covered by an arrangement between the commission  
27 and the agency charged with the administration of another state or

1 federal unemployment compensation law under which all service  
2 performed by an individual for an employing unit during the period  
3 covered by the employing unit's approved election. Service  
4 described in this subdivision is considered to be performed  
5 entirely within the agency's state or under federal law.

6 (k) Service performed by an individual in a calendar quarter  
7 in the employ of an organization exempt from income tax under  
8 section 501(a) of the internal revenue code of 1986, 26 USC 501,  
9 other than an organization described in section 401(a) of the  
10 internal revenue code of 1986, 26 USC 401, or under section 521 of  
11 the internal revenue code of 1986, 26 USC 521, if the remuneration  
12 earned is less than \$50.00.

13 (l) Service performed in the employ of a school, college, or  
14 university, if the service is performed by any of the following:

15 (i) By a person who is primarily a student at the school,  
16 college, or university. For the purpose of this subparagraph, a  
17 person is considered to be "primarily a student" if the individual  
18 is enrolled in an institution, is pursuing a course of study for  
19 academic credit, and while enrolled normally works 30 hours or less  
20 per week for the institution.

21 (ii) By a spouse of a student, if given written notice at the  
22 start of the service that the employment is under a program to  
23 provide financial assistance to the student and that the employment  
24 will not be covered by a program of unemployment compensation.

25 (m) Service performed by an individual less than 22 years of  
26 age who is enrolled, at a nonprofit or public educational  
27 institution that normally maintains a regular faculty and

1 curriculum and normally has a regularly organized body of students  
2 in attendance at the place where its educational activities are  
3 carried on, as a student in a full-time program, taken for credit  
4 at the institution, which program combines academic instruction  
5 with work experience, if the service is an integral part of the  
6 program and the institution has certified that fact to the  
7 employer. This subdivision does not apply to service performed in a  
8 program established for or on behalf of an employer or group of  
9 employers.

10 (n) Service performed in the employ of a hospital, if the  
11 service is performed by a patient of the hospital as defined in  
12 section 53(1).

13 (o) For purposes of section 42(8), (9), and (10), "employment"  
14 does not apply to service performed in any of the following  
15 situations:

16 (i) In the employ of a church or a convention or association of  
17 churches or an organization that is operated primarily for  
18 religious purposes and that is operated, supervised, controlled, or  
19 principally supported by a church or a convention or association of  
20 churches.

21 (ii) By an ordained, commissioned, or licensed minister of a  
22 church in the exercise of the ministry or by a member of a  
23 religious order in the exercise of duties required by the order.

24 (iii) Before January 1, 1978, in the employ of a school that is  
25 not an institution of higher education and which service is also  
26 excluded from the term "employment" as defined in section  
27 3306(c)(8) of the federal unemployment tax act, chapter 23 of the

1 internal revenue code of 1986, 26 USC 3306. After December 31,  
2 1977, in the employ of a governmental entity as defined in section  
3 50a, if the service is performed by an individual in any of the  
4 following capacities:

5 (A) As an elected official.

6 (B) As a member of a legislative body or of the judiciary.

7 (C) As a military employee of the state national guard or air  
8 national guard.

9 (D) As an employee serving on a temporary basis in case of  
10 fire, storm, snow, earthquake, flood, or similar emergency.

11 (E) In a position that, under or pursuant to the laws of this  
12 state, is designated as a major nontenured policymaking or advisory  
13 position, or a policymaking or advisory position, the performance  
14 of the duties of which ordinarily does not require more than 8  
15 hours per week.

16 (iv) By an individual receiving rehabilitation or remunerative  
17 work in a facility conducted for the purpose of carrying out a  
18 program of rehabilitation for individuals whose earning capacity is  
19 impaired by age, physical or mental deficiency, or injury, or of  
20 providing remunerative work for individuals who because of their  
21 impaired physical or mental capacity cannot be readily absorbed in  
22 the competitive labor market.

23 (v) As part of an unemployment work-relief or work-training  
24 program assisted or financed in whole or in part by a federal  
25 agency or an agency of a state or political subdivision of a state  
26 by an individual receiving the work relief or work training.

27 (vi) By an inmate of a custodial or penal institution.

1           (vii) By an individual hired by a state department or recipient  
2 governmental entity through a summer youth employment program  
3 established under the Michigan youth corps act, 1983 PA 69, MCL  
4 409.221 to 409.229, or an individual hired by a state department  
5 through a summer youth employment program administered by the  
6 department of natural resources or the department of  
7 transportation.

8           (p) Service performed by an individual less than 18 years of  
9 age in the delivery or distribution of newspapers or shopping news,  
10 not including delivery or distribution to a point for subsequent  
11 delivery or distribution.

12           (q) Service performed for an employing unit other than a  
13 governmental entity or nonprofit organization and that is any of  
14 the following:

15           (i) Service performed by an individual while the individual was  
16 a minor student regularly attending either a public or a private  
17 school below the college level and the individual's employment  
18 during the week was any of the following:

19           (A) Less than the scheduled hours the individual would have  
20 worked in the department or establishment in which the employment  
21 occurred if the individual were not a student.

22           (B) Within the customary vacation days or vacation periods of  
23 the school, following which the individual actually returns to  
24 school.

25           (C) With an employer as a formal and accredited part of the  
26 regular curriculum of the individual's school.

27           (ii) Service performed by a college student of any age, but

1 only if the student's employment is a formal and accredited part of  
2 the regular curriculum of the school.

3 (iii) Service performed by an individual as a member of a band  
4 or orchestra, but only if the service does not represent the  
5 principal occupation of the individual.

6 (r) Subject to subdivision (s), services performed as a direct  
7 seller, if the person is engaged in either of the following:

8 (i) The trade or business of selling, or soliciting the sale  
9 of, consumer products or services to any buyer on a buy-sell basis,  
10 a deposit-commission basis, or any similar basis that the  
11 commission or the U.S. department of labor designates by rule or  
12 regulation, for resale by the buyer or any other person in the home  
13 or otherwise than in a permanent retail establishment.

14 (ii) The trade or business of selling, or soliciting the sale  
15 of, consumer products or services in the home or otherwise than in  
16 a permanent retail establishment.

17 (s) The exclusion of services under subdivision (r) applies  
18 only if both of the following are met:

19 (i) Substantially all the cash or other remuneration, for the  
20 performance of the services described in subdivision (r) is  
21 directly related to sales or other output, including the  
22 performance of services, rather than to the number of hours worked.

23 (ii) The services are performed according to a written contract  
24 that provides that the person performing the services will not be  
25 treated as an employee with respect to those services for federal  
26 tax purposes.

27 (t) Service performed by an individual as a product

1 demonstrator or product merchandiser if the service is performed  
2 under a written contract between the individual and a person whose  
3 principal business is obtaining the services of product  
4 demonstrators and product merchandisers for third parties for  
5 product demonstration and product merchandising purposes, and both  
6 in contract and in fact, the individual meets all of the following  
7 conditions:

8 (i) Is not treated as an employee with respect to those  
9 services for federal unemployment tax purposes.

10 (ii) Is compensated for each job, or the compensation is based  
11 on factors that relate to the work performed.

12 (iii) Determines the method of performing the service.

13 (iv) Provides the equipment used to perform the service.

14 (v) Is responsible for the completion of a specific job and is  
15 liable for any failure to complete the job.

16 (vi) Pays all expenses, and the opportunity for profit or loss  
17 rests solely with the individual.

18 (vii) Is responsible for operating costs, fuel, repairs,  
19 supplies, and motor vehicle insurance.

20 (viii) As used in this subdivision:

21 (A) "Product demonstrator" means an individual who, on a  
22 temporary, part-time basis, demonstrates or gives away samples of a  
23 food or other product as part of an advertising or sales promotion  
24 for the product and who is not otherwise directly employed by the  
25 manufacturer, distributor, or retailer.

26 (B) "Product merchandiser" means an individual who, on a  
27 temporary, part-time basis, builds or resets a product display and

1 who is not otherwise directly employed by the manufacturer,  
2 distributor, or retailer.

3 (C) "Third party" means a manufacturer or broker.

4 (u) Service performed in an Americorps program but only if  
5 both of the following conditions are met:

6 (i) The individual performed the service under a contract or  
7 agreement providing for a guaranteed stipend opportunity.

8 (ii) The individual received the full amount of the guaranteed  
9 stipend before the ending date of the contract or agreement.

10 (V) SERVICE PERFORMED BY AN INDIVIDUAL AS AN OIL, GAS, OR  
11 MINERAL LANDMAN UNDER A CONTRACT WITH A PRIVATE PERSON OR PRIVATE  
12 ENTITY IF SUBSTANTIALLY ALL REMUNERATION, INCLUDING PAYMENT AT A  
13 DAILY RATE PAID IN CASH OR OTHERWISE FOR THE PERFORMANCE OF THE  
14 SERVICE, IS DIRECTLY RELATED TO THE INDIVIDUAL'S COMPLETION OF THE  
15 SPECIFIC TASKS CONTRACTED FOR RATHER THAN THE NUMBER OF HOURS  
16 WORKED, AND IF THE CONTRACT PROVIDES THAT THE INDIVIDUAL IS AN  
17 INDEPENDENT CONTRACTOR AND NOT AN EMPLOYEE WITH RESPECT TO THE  
18 CONTRACTED SERVICE. AS USED IN THIS SUBDIVISION, "LANDMAN" MEANS AN  
19 INDIVIDUAL WHO IS ENGAGED IN 1 OR MORE OF THE FOLLOWING:

20 (i) NEGOTIATING THE ACQUISITION OR DIVESTITURE OF OIL, GAS, OR  
21 MINERAL RIGHTS.

22 (ii) NEGOTIATING BUSINESS AGREEMENTS THAT PROVIDE FOR THE  
23 EXPLORATION FOR, TRANSPORTATION OF, OR DEVELOPMENT OF OIL, GAS, OR  
24 MINERALS.

25 (iii) DETERMINING THE OWNERSHIP OF OIL, GAS, OR MINERALS THROUGH  
26 RESEARCH OF PUBLIC AND PRIVATE RECORDS.

27 (iv) REVIEWING THE STATUS OF THE TITLE TO, AND CURING TITLE



1 DEFECTS AND DEFICIENCIES ASSOCIATED WITH, THE OWNERSHIP OF OIL,  
2 GAS, OR MINERALS.

3 (v) MANAGING RIGHTS OR OBLIGATIONS DERIVED FROM THE OWNERSHIP  
4 OF INTERESTS IN OIL, GAS, OR MINERALS.

5 (vi) INTERACTING WITH REGULATORY AGENCIES IN SUPPORT OF  
6 ACTIVITIES RELATING TO EXPLORING FOR AND PRODUCING OIL, GAS, OR  
7 MINERALS, INCLUDING UNITIZING OR POOLING INTERESTS IN OIL, GAS, OR  
8 MINERALS.

9 Enacting section 1. This amendatory act takes effect 60 days  
10 after the date it is enacted into law.