

SUBSTITUTE FOR  
HOUSE BILL NO. 5555

A bill to amend 1936 (Ex Sess) PA 1, entitled  
"Michigan employment security act,"  
by amending section 13 (MCL 421.13), as amended by 2012 PA 493.

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

1       Sec. 13. (1) Each employer subject to this act shall pay to  
2 the unemployment agency a tax in the form of payments in lieu of  
3 contributions ~~where~~ **if** the employer is liable for those payments,  
4 or **shall pay** tax contributions equal to a standard rate of ~~2.7% for~~  
5 ~~calendar years before 1985 and 5.4%, for calendar year 1985 and~~  
6 ~~thereafter,~~ subject to an adjustment in rate of contributions as  
7 provided **for** in section 19. The contributions ~~shall~~ become due and  
8 **must** be paid to the unemployment agency, for the unemployment  
9 compensation fund, by each employer semiannually or for shorter

1 periods of not less than 28 days, as the unemployment agency may by  
2 rule prescribe. Contributions due and payable from an employer that  
3 is liable under this act solely on the basis of the payment of  
4 wages for domestic service may be paid annually on the date  
5 specified by the unemployment agency. An obligation assessment  
6 payment made pursuant to section 10a or a contribution payment made  
7 pursuant to this section ~~shall~~**must** be credited first to interest  
8 on the obligation assessment and then to the obligation assessment,  
9 with those payments applied to amounts unpaid and owing in the  
10 oldest calendar quarter and progressing each quarter to the most  
11 recent quarter. Any remainder ~~shall~~**must** be credited first to  
12 penalties on contributions, then to interest on contributions, and  
13 then to contribution principal, with those payments applied to  
14 amounts unpaid and owing in the oldest calendar quarter and  
15 progressing each quarter to the most recent quarter. An employer's  
16 contribution ~~shall~~**must** not be deducted directly or indirectly, in  
17 whole or in part, from wages of individuals in his or her employ. A  
18 contribution payment amount that is not an even dollar amount ~~shall~~  
19 **must** be credited to the account of the employer in an amount equal  
20 to the next lower dollar amount if under 50 cents and in an amount  
21 equal to the next higher dollar amount if 50 cents or more. The  
22 unemployment agency may prescribe by rule the details of the  
23 computation and payment of contributions. Every employing unit  
24 shall file with the unemployment agency periodic reports on forms  
25 and at a time the unemployment agency prescribes to disclose  
26 liability for contributions under this act. Each employing unit  
27 shall keep records, including wage and employment records, and  
28 shall, within prescribed time limits, submit or provide reports,  
29 including wage and employment reports, to the unemployment agency

1 or to the employing unit's employees or former employees as the  
2 unemployment agency prescribes by rule.

3 (2) Beginning with the first quarter of 1986, each employer  
4 shall file a quarterly wage report with the unemployment agency, on  
5 forms and at a time as the unemployment agency prescribes, which  
6 shall include for each of the employer's employees the employee's  
7 name, ~~social security~~ **Social Security** number, gross wages paid  
8 during each quarter, and the name, address, and federal and state  
9 employer identification number of the individual's employer. If the  
10 unemployment agency discovers an error in a report filed timely,  
11 the unemployment agency shall provide written notification to the  
12 employer of the error. If the employer provides corrected  
13 information within 14 days of the notification, the administrative  
14 fine provided in section 54 for a late, incomplete, or erroneous  
15 report ~~shall~~ **does** not apply. An employer ~~having~~ **that has** more than  
16 25 employees on January 1, 2013 shall file quarterly reports  
17 beginning with the report for the first quarter of 2013 by an  
18 electronic method approved by the unemployment agency. An employer  
19 ~~having~~ **that has** more than 5 but fewer than 26 employees on January  
20 1, 2013 shall file quarterly reports beginning with the report for  
21 the first quarter of 2014 by an electronic method approved by the  
22 unemployment agency. An employer ~~having~~ **that has** 5 or fewer  
23 employees on January 1, 2013 shall file quarterly reports beginning  
24 with the report for the first quarter of 2015 by an electronic  
25 method approved by the unemployment agency, except that the  
26 director of the unemployment agency, upon application by the  
27 employer, may grant additional time for the employer to comply with  
28 the electronic filing method if the director concludes that  
29 satisfying the requirement of electronic filing will cause economic

1 hardship for the employer. The employer shall provide, and the  
2 director shall consider, information about the employer's  
3 anticipated cost expenditure for preparing for electronic filing  
4 and about the employer's annual income. An employer that complies  
5 with the reporting requirements of this subsection by filing  
6 electronically a quarterly wage report using a method approved by  
7 the unemployment agency is not required to file periodically to  
8 disclose contributions under this act.

9       ~~(3) The unemployment agency shall allow a contributing~~  
10 ~~employer that employed 25 or fewer individuals during the pay~~  
11 ~~period that includes January 12, 2012, or during the corresponding~~  
12 ~~pay period in each succeeding calendar year, and that incurred 50%~~  
13 ~~or more of the employer's total previous year's contribution~~  
14 ~~obligation in the first quarter of that year to discharge the~~  
15 ~~liability for contributions due in the next succeeding year through~~  
16 ~~quarterly payments that distribute the payment of the first~~  
17 ~~quarter's obligation equally over the 4 quarters in that year. If~~  
18 **in the first quarter of a year an eligible contributing employer**  
19 **incurs a contribution obligation that is equal to 50% or more of**  
20 **the eligible contributing employer's total contribution obligation**  
21 **for the immediately preceding year, the eligible contributing**  
22 **employer may discharge the liability for that first-quarter**  
23 **contribution obligation by making quarterly payments that**  
24 **distribute the first-quarter contribution obligation equally over**  
25 **the first quarter and the immediately succeeding 3 quarters. To**  
26 **avoid interest and penalties otherwise applicable to these the**  
27 **payments described in this subsection, an employer meeting that**  
28 **meets** the requirements of this subsection shall notify the  
29 unemployment agency of ~~the~~ **its** election to make apportioned

1 payments with the first quarter's payment and timely file each  
2 succeeding quarterly payment in the amounts prescribed in section  
3 15a. This subsection applies to contributions beginning in the 2013  
4 tax year. **The unemployment agency shall include a description of**  
5 **the optional payment method described in this subsection on the**  
6 **form, whether electronic or otherwise, that it provides to**  
7 **contributing employers for the payment of taxes and contributions**  
8 **required under this section. As used in this subsection, "eligible**  
9 **contributing employer" means a contributing employer that employed**  
10 **either of the following:**

11 (a) 25 or fewer individuals during the pay period that  
12 includes January 12, 2022.

13 (b) 100 or fewer individuals during the pay period that  
14 includes March 31, 2022 or during the corresponding pay period in a  
15 succeeding calendar year.