

# HOUSE BILL NO. 4565

March 23, 2021, Introduced by Reps. Allor, Bellino, Borton, Huizenga, Beson, Brann, Fink, Beeler, Berman, LaGrand, Hertel and Sabo and referred to the Committee on Tax Policy.

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~~

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

1 liability for contributions under this act. Each employing unit  
2 shall keep records, including wage and employment records, and  
3 shall, within prescribed time limits, submit or provide reports,  
4 including wage and employment reports, to the unemployment agency  
5 or to the employing unit's employees or former employees as the  
6 unemployment agency prescribes by rule.

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

1 director of the unemployment agency, upon application by the  
2 employer, may grant additional time for the employer to comply with  
3 the electronic filing method if the director concludes that  
4 satisfying the requirement of electronic filing will cause economic  
5 hardship for the employer. The employer shall provide, and the  
6 director shall consider, information about the employer's  
7 anticipated cost expenditure for preparing for electronic filing  
8 and about the employer's annual income. An employer that complies  
9 with the reporting requirements of this subsection by filing  
10 electronically a quarterly wage report using a method approved by  
11 the unemployment agency is not required to file periodically to  
12 disclose contributions under this act.

13 (3) The unemployment agency shall allow a contributing  
14 employer that employed ~~25-49~~ or fewer individuals ~~during the pay~~  
15 ~~period that includes January 12, 2012, or during the corresponding~~  
16 ~~pay period in each succeeding calendar year,~~ and that incurred 50%  
17 or more of the employer's total previous year's contribution  
18 obligation in the first quarter of that year to discharge the  
19 liability for contributions due in the next succeeding year through  
20 quarterly payments that distribute the payment of the first  
21 quarter's obligation equally over the 4 quarters in that year. To  
22 avoid interest and penalties otherwise applicable to those  
23 payments, an employer meeting the requirements of this subsection  
24 shall notify the unemployment agency of the election to make  
25 apportioned payments with the first quarter's payment and timely  
26 file each succeeding quarterly payment in the amounts prescribed in  
27 section 15a. This subsection applies to contributions beginning in  
28 the 2013 tax year. **The unemployment agency shall include a**  
29 **description of the optional payment method described in this**

1 subsection on the form, whether electronic or otherwise, that it  
2 provides to contributing employers for the payment of taxes and  
3 contributions required under this section.