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BILL ANALYSIS

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House Bill 6387 (as reported without amendment)
Sponsor: Representative Bob Constan
House Committee: Labor
Senate Committee: Commerce and Tourism

CONTENT

The bill would amend the Michigan Employment Security Act to revise provisions relating to confidentiality. Currently, information obtained from any employer or individual under the Act and determinations as to the benefit rights of any individual are confidential and may not be disclosed or open to public inspection, except to public employees in the performance of their official duties under the Act, in any manner that reveals the individual's or employer's identity. The bill also would allow disclosure to public officials in the performance of their official duties, and agents or contractors of public officials. In addition, the bill would prohibit information from being disclosed in a manner that revealed any identifying particulars about an individual or a past or present employer or that could be combined with other publicly available information to reveal identifying particulars.

Under the Act, information in the Employment Security Commission's possession that may affect a claim for benefits or a charge to an employer's experience account must be available to interested parties. The bill also would make that information available to interested parties' agents, if their agents gave the Unemployment Insurance Agency a written authorization of representation from the party represented. The bill specifies circumstances in which a written authorization of representation would not be required.

MCL 421.11

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would bring the State into conformity with Federal law regarding the confidentiality of unemployment data. The U.S. Department of Labor Employment and Training Administration has notified the State that it is not in compliance with Federal law on this issue. Implementing the conforming provisions in the bill would have a minimal cost to the Unemployment Insurance Agency within the Department of Labor and Economic Growth. If the State's noncompliance continues, however, it is possible that the State will be subject to Federal penalties. The Federal revenue that supports the cost of administering the Agency could be reduced. This funding totals \$136.5 million in FY 2008-09. In addition, the Federal unemployment tax rate paid by Michigan employers could be increased. Currently, the Federal Unemployment Tax Act (FUTA) tax rate of 6.2% (paid on the first \$7,000 of taxable wages per employee) is reduced to 0.8% for Michigan employers due to the 5.4% FUTA tax credit awarded to states that are in compliance with Federal law. If Michigan remains out of compliance, this credit could be reduced or eliminated.

Date Completed: 12-16-07

Fiscal Analyst: Elizabeth Pratt/Maria Tyszkiewicz

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Analysis available @ <http://www.michiganlegislature.org>

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