

**SUBSTITUTE FOR
SENATE BILL NO. 976**

A bill to amend 1936 (Ex Sess) PA 1, entitled "Michigan employment security act," by amending sections 11, 11a, 12, 13, 13a, 13b, 13c, 13d, 13e, 13f, 13g, 13i, 13k, 13l, 13m, 14, 15, 15a, 16, 17, 18, 19, and 19a (MCL 421.11, 421.11a, 421.12, 421.13, 421.13a, 421.13b, 421.13c, 421.13d, 421.13e, 421.13f, 421.13g, 421.13i, 421.13k, 421.13l, 421.13m, 421.14, 421.15, 421.15a, 421.16, 421.17, 421.18, 421.19, and 421.19a), section 11 as amended by 2018 PA 72, section 11a as added by 2012 PA 422, section 13 as amended by 2022 PA 96, sections 13a and 13d as amended by 1989 PA 236, sections 13f, 13g, and 13k as amended by 1994 PA 162, section 13l as added by 2002 PA 192, section 13m as amended by 2012 PA 219, section 14 as amended by 1983 PA 164, section 15 as amended by 2017 PA 229, section 15a as

added and sections 19 and 19a as amended by 2011 PA 269, section 17 as amended by 2020 PA 258, and section 18 as amended by 1993 PA 296; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (a) In the administration of this act, the
2 unemployment **insurance** agency shall cooperate with the appropriate
3 agency of the United States under the social security act, **42 USC**
4 **301 to 1397mm**. The unemployment **insurance** agency shall make
5 reports, in a form and containing information as the appropriate
6 agency of the United States may require, and shall comply with the
7 provisions that the appropriate agency of the United States
8 prescribes to assure the correctness and verification of the
9 reports. The unemployment **insurance** agency, subject to this act,
10 shall comply with the regulations prescribed by the appropriate
11 agency of the United States relating to the receipt or expenditure
12 of the sums that are allotted and paid to this state for the
13 purpose of assisting in the administration of this act. ~~As used in~~
14 ~~this section, "social security act" means the social security act,~~
15 ~~42 USC 301 to 1397mm.~~**The unemployment insurance agency shall comply**
16 **with 20 CFR 603.8 for any disclosure it makes under this section.**

17 (b) (1) Information obtained from an employing unit or
18 individual pursuant to the administration of this act and
19 determinations as to the benefit rights of any individual are
20 confidential and must not be disclosed or open to public inspection
21 other than to public employees and public officials in ~~the~~
22 ~~performance of their~~**performing** official duties under this act and
23 to agents or contractors of those public officials, including those
24 described in subparagraph (viii), in a manner that reveals the
25 individual's or the employing unit's identity or any identifying

1 particular about an individual or a past or present employing unit
2 or that could foreseeably be combined with other publicly available
3 information to reveal identifying particulars. However, all of the
4 following apply:

5 (i) Information in the unemployment **insurance** agency's
6 possession that might affect a **claimant's** claim for worker's
7 disability compensation under the worker's disability compensation
8 act of 1969, 1969 PA 317, MCL 418.101 to 418.941, must be available
9 to ~~interested parties as defined in R 421.201 of the Michigan~~
10 ~~Administrative Code, the claimant or the claimant's employer,~~
11 regardless of whether the unemployment **insurance** agency is a party
12 to an action or proceeding arising under ~~that act.~~ **the worker's**
13 **disability compensation act of 1969, 1969 PA 317, MCL 418.101 to**
14 **418.941. All of the following apply to a claimant or employer that**
15 **is provided with information under this subparagraph:**

16 (A) The claimant is entitled to receive only an uncertified
17 printout of the unemployment benefits paid to the individual from
18 the individual's date of injury to the present day.

19 (B) The employer is entitled to receive only an uncertified
20 printout of the unemployment benefits paid to the claimant from the
21 claimant's date of injury to the present day if the claimant
22 consents to the release of the information in a manner that is
23 consistent with the requirements of 20 CFR 603.5(d).

24 (C) The claimant or employer shall pay reasonable costs, as
25 determined by the unemployment insurance agency, for processing the
26 claimant's or employer's request for information, copying, and
27 producing the list of the individual's unemployment benefit
28 payments.

29 (ii) Any information in the unemployment **insurance** agency's

1 possession that might affect a claim for benefits or a charge to an
2 employer's experience account must be available to **an** interested
3 ~~parties~~**party**, as **that term is** defined in R 421.201 of the Michigan
4 Administrative Code, and to ~~their~~**the interested party's** agents, if
5 ~~their~~**the** agents provide the unemployment insurance agency with a
6 written authorization of representation from the party represented.
7 A written authorization of representation is not required in any of
8 the following circumstances:

9 (A) If the request is made by an attorney who is retained by
10 an interested party and files an appearance for purposes related to
11 a claim for unemployment benefits.

12 (B) If the request is made by an elected official performing
13 constituent services and the elected official presents reasonable
14 evidence that the identified individual authorized the disclosure.

15 (C) If the request is made by a third party who is not acting
16 as an agent for an interested party and the third party presents a
17 release from an interested party for the information. The release
18 must be signed by an interested party; specify the information to
19 be released and all individuals who may receive the information;
20 and state the specific purpose for which the information is sought,
21 that files of ~~the~~**this** state may be accessed to obtain the
22 information, and that the information sought will ~~only~~ be used **only**
23 for the purpose indicated. The purpose specified in the release
24 must be limited to that of providing a service or benefit to the
25 individual signing the release or carrying out administration or
26 evaluation of a public program to which the release pertains.

27 (iii) Except as **otherwise** provided in this act, the information
28 and determinations must not be used in any action or proceeding
29 before any court or administrative tribunal unless the unemployment

1 **insurance** agency is a party to or a complainant in the action or
2 proceeding, or unless used for the prosecution of fraud, civil
3 proceeding, or other legal proceeding in the programs indicated in
4 subdivision (2).

5 (iv) Any report or statement, written or verbal, made by any
6 person to the unemployment **insurance** agency, any member of the
7 unemployment **insurance** agency, or any person engaged in
8 administering this act is a privileged communication; and a person,
9 firm, or corporation is not liable for slander or libel on account
10 of a report or statement. The records and reports in the custody of
11 the unemployment **insurance** agency must be available for examination
12 by the employer or employee affected.

13 (v) Subject to restrictions that the unemployment **insurance**
14 agency prescribes by rule, information in its possession may be
15 made available to any agency of this state, **including, but not**
16 **limited to, the Michigan center for data and analytics**, any other
17 state, or any federal agency charged with the administration of an
18 unemployment compensation law or the maintenance of a system of
19 public employment offices; the ~~Bureau of~~ Internal Revenue **Service**
20 of the United States Department of the Treasury; the Bureau of the
21 Census of the Economics and Statistics Administration of the United
22 States Department of Commerce; or the United States Social Security
23 Administration.

24 (vi) Information obtained in connection with the administration
25 of this act may be made available to persons or agencies for
26 purposes appropriate to the operation of a public employment
27 service or unemployment compensation program. Subject to
28 restrictions that it prescribes by rule, the unemployment **insurance**
29 agency may also make that information available to agencies of

1 other states that are responsible for the administration of public
2 assistance to unemployed workers; to the departments of this state;
3 and to federal, state, and local law enforcement agencies in
4 connection with a criminal investigation involving the health,
5 safety, or welfare of the public. The information released must be
6 used only for purposes not inconsistent with the purposes of this
7 act. The information must only be released upon assurance by the
8 entity receiving the information that it will reimburse the cost of
9 providing the information and will not disclose the information
10 except to the individual or employer that is the subject of the
11 information, an attorney or agent of the individual or employer, or
12 a prosecuting authority for or on behalf of the entity receiving
13 the information.

14 (vii) Upon request, the unemployment **insurance** agency shall
15 furnish to any agency of the United States charged with the
16 administration of public works or assistance through public
17 employment, and may furnish to any state agency similarly charged,
18 the name, address, ordinary occupation, and employment status of
19 each recipient of benefits and the recipient's rights to further
20 benefits under this act.

21 (viii) Subject to restrictions it prescribes, by rule or
22 otherwise, the unemployment **insurance** agency may also make
23 information that it obtains available for use in connection with
24 research projects of a public service nature; for course, program,
25 or training program planning, improvement, or evaluation; for grant
26 application or evaluation; for institutional or program
27 accreditation; for economic development or workforce research; for
28 award eligibility; or for federal or state mandated reporting, to a
29 public official, eligible educational institution, or Michigan

1 works agency or to an agency of this state that is acting as a
2 contractor or agent of a public official and conducting research
3 that assists the public official in carrying out the duties of the
4 office. The unemployment **insurance** agency shall identify online the
5 information that it collects that may be made available to public
6 officials, eligible educational institutions, and Michigan works
7 agencies and shall assist them in the application process required
8 to gain access to that information. A person associated with those
9 institutions or agencies or an agency of this state shall not
10 disclose the information in a manner that would reveal the identity
11 of an individual or employing unit from or concerning whom the
12 information was obtained by the unemployment **insurance** agency. The
13 unemployment **insurance** agency shall enter into a written,
14 enforceable agreement with the public official for a period of not
15 more than 10 years that holds the public official, eligible
16 educational institution, or Michigan works agency responsible for
17 ensuring that the confidentiality of the information is maintained.
18 If the agreement is violated, the agreement must be terminated and
19 the public official, eligible educational institution, or Michigan
20 works agency may be subject to penalties equivalent to those that
21 apply under section 54(f). The unemployment **insurance** agency, at
22 the request of an independent educational institution, shall
23 perform data analysis of information that the unemployment
24 **insurance** agency has obtained and provide the results of the
25 analysis to the independent educational institution. The
26 unemployment **insurance** agency may perform analysis for course,
27 program, or training program planning, improvement, or evaluation;
28 grant application or evaluation; institutional or program
29 accreditation; economic development or workforce research; award

1 eligibility; or federal or state mandated reporting. The
2 unemployment **insurance** agency shall not disclose information to an
3 independent educational institution in a manner that would reveal
4 the identity of an individual or employing unit from or concerning
5 whom the information was obtained by the unemployment **insurance**
6 agency. ~~The unemployment agency shall comply with 20 CFR 603.8.~~ As
7 used in this subparagraph:

8 (a) "Eligible educational institution" means a public
9 community or junior college established under section 7 of article
10 VIII of the state constitution of 1963 or part 25 of the revised
11 school code, 1976 PA 451, MCL 380.1601 to 380.1607, or a state
12 university described in section 4, 5, or 6 of article VIII of the
13 state constitution of 1963.

14 (b) "Independent educational institution" means an independent
15 nonprofit college or university located in this state.

16 (c) "Michigan works agency" means an entity described in
17 section 17(a) or (d) of the Michigan works one-stop service center
18 system act, 2006 PA 491, MCL 408.127.

19 (d) "Public official" means that term as defined in 20 CFR
20 603.2 and includes an eligible educational institution and a
21 Michigan works agency.

22 (ix) The unemployment **insurance** agency may request the
23 Comptroller of the Currency of the United States to cause an
24 examination of the correctness of any return or report of any
25 national banking association rendered under this act, and may, in
26 connection with the request, transmit the report or return to the
27 Comptroller of the Currency of the United States as provided in
28 section 3305(c) of the internal revenue code of 1986, 26 USC
29 ~~3305(e).~~**3305.**

1 (x) Subject to the requirements of 20 CFR 603.8, the
2 unemployment insurance agency shall calculate its costs to process
3 and handle requests for disclosure of information in its
4 possession. The recipient of the disclosure of information shall
5 pay the costs calculated by the unemployment insurance agency
6 unless either of the following applies:

7 (A) The costs reflect an incidental amount of unemployment
8 insurance agency staff time and there are only nominal processing
9 costs.

10 (B) The unemployment insurance agency has a reciprocal cost
11 agreement or arrangement with the person that receives the
12 disclosure of information where the relative benefits received by
13 the unemployment insurance agency and the recipient are
14 approximately equal.

15 (xi) Any information in the unemployment insurance agency's
16 possession must be made available in response to a court order or
17 to an official with subpoena authority in accordance with 20 CFR
18 603.7(b).

19 (xii) Except as otherwise provided in this section, any records
20 of the methods used by the unemployment insurance agency to
21 identify and investigate fraudulent claims are exempt from
22 disclosure under the freedom of information act, 1976 PA 442, MCL
23 15.231 to 15.246.

24 (2) The unemployment **insurance** agency shall disclose to
25 qualified requesting agencies, upon request, with respect to an
26 identified individual, information in its records pertaining to the
27 individual's name; social security number; gross wages paid during
28 each quarter; the name, address, and federal and state employer
29 identification number of the individual's employer; any other wage

1 information; whether an individual is receiving, has received, or
 2 has applied for unemployment benefits; the amount of unemployment
 3 benefits the individual is receiving or is entitled to receive; the
 4 individual's current or most recent home address; whether the
 5 individual has refused an offer of work and if so a description of
 6 the job offered including the terms, conditions, and rate of pay;
 7 and any other information that the qualified requesting agency
 8 considers useful in verifying eligibility for, and the amount of,
 9 benefits. For purposes of this subdivision, "qualified requesting
 10 agency" means any state or local child support enforcement agency
 11 responsible for enforcing child support obligations under a plan
 12 approved under part d of title IV of the social security act, 42
 13 USC 651 to 669b; the United States Social Security Administration
 14 for purposes of establishing or verifying eligibility or benefit
 15 amounts under titles II and XVI of the social security act, 42 USC
 16 401 to 434 and 42 USC 1381 to 1383f; the United States Department
 17 of Agriculture for the purposes of determining eligibility for, and
 18 amount of, benefits under the food stamp program established under
 19 the food stamp act of 1977, 7 USC 2011 to ~~2036e~~; **2036d**; and any
 20 other state or local agency of this or any other state responsible
 21 for administering the following programs:

22 (i) The aid to families with dependent children program under
 23 part a of title IV of the social security act, 42 USC 601 to 619.

24 (ii) The Medicaid program under title XIX of the social
 25 security act, 42 USC 1396 to ~~1396w-5~~. **1396w-7**.

26 (iii) The unemployment compensation program under section 3304
 27 of the internal revenue code of 1986, 26 USC 3304.

28 (iv) The food stamp program under the food stamp act of 1977, 7
 29 USC 2011 to ~~2036e~~. **2036d**.

1 (v) Any state program under a plan approved under title I, X,
2 XIV, or XVI of the social security act, 42 USC 301 to 306, 42 USC
3 1201 to 1206, 42 USC 1351 to 1355, and 42 USC 1381 to ~~1383f~~.**1385**.

4 (vi) Any program administered under the social welfare act,
5 1939 PA 280, MCL 400.1 to 400.119b.

6 The information must be disclosed only if the qualified
7 requesting agency has executed an agreement with the unemployment
8 **insurance** agency to obtain the information and the information is
9 requested for the purpose of determining the eligibility of
10 applicants for benefits, or the type and amount of benefits for
11 which applicants are eligible, under any of the programs listed
12 above or under title II and XVI of the social security act, 42 USC
13 401 to 434 and 42 USC 1381 to ~~1383f~~.**1385**; for establishing and
14 collecting child support obligations from, and locating individuals
15 owing such obligations that are being enforced under a plan
16 described in section 454 of the social security act, 42 USC 654; or
17 for investigating or prosecuting alleged fraud under any of these
18 programs.

19 The unemployment **insurance** agency shall cooperate with this
20 state's department of health and human services in establishing the
21 computer data matching system authorized in section 83 of the
22 social welfare act, 1939 PA 280, MCL 400.83, to transmit the
23 information requested on at least a quarterly basis. The
24 information must not be released unless the qualified requesting
25 agency agrees to reimburse the unemployment **insurance** agency for
26 the costs incurred in furnishing the information.

27 In addition to the requirements of this section, except as
28 later provided in this subdivision, all other requirements with
29 respect to confidentiality of information obtained in the

1 administration of this act apply to the use of the information by
2 the officers and employees of the qualified requesting agencies,
3 and the sanctions imposed under this act for improper disclosure of
4 the information apply to those officers and employees. A qualified
5 requesting agency may redisclose information only to the individual
6 who is the subject of the information, an attorney or other duly
7 authorized agent representing the individual if the information is
8 needed in connection with a claim for benefits against the
9 requesting agency, or any criminal or civil prosecuting authority
10 acting for or on behalf of the requesting agency.

11 The unemployment **insurance** agency may enter into an agreement
12 with any qualified requesting agency for the purposes described in
13 this subdivision. The agreement or agreements must comply with all
14 federal laws and regulations applicable to those agreements.

15 (3) The unemployment **insurance** agency shall enable the United
16 States Department of Health and Human Services to obtain prompt
17 access to any wage and unemployment benefit claims information,
18 including any information that may be useful in locating an absent
19 parent or an absent parent's employer for purposes of section 453
20 of the social security act, 42 USC 653, or in carrying out the
21 child support enforcement program under title IV of the social
22 security act, 42 USC 601 to ~~679e.~~ **681**. The unemployment **insurance**
23 agency shall not provide the requesting agency access to the
24 information unless the requesting agency agrees to reimburse the
25 unemployment **insurance** agency for the costs incurred in furnishing
26 the information.

27 (4) Upon request accompanied by presentation of a consent to
28 the release of information signed by an individual, the
29 unemployment **insurance** agency shall disclose to the United States

1 Department of Housing and Urban Development, any state or local
2 public housing agency, or an entity contracting with a state or
3 local public housing agency to provide public housing, or any other
4 agency responsible for verifying an applicant's or participant's
5 eligibility for, or level of benefits in, any housing assistance
6 program administered by the United States Department of Housing and
7 Urban Development, the name; address; wage information; whether an
8 individual is receiving, has received, or has applied for
9 unemployment benefits; and the amount of unemployment benefits the
10 individual is receiving or is entitled to receive under this act.
11 This information must be used only to determine an individual's
12 eligibility for benefits or the amount of benefits to which an
13 individual is entitled under a housing assistance program of the
14 United States Department of Housing and Urban Development. The
15 unemployment **insurance** agency shall not release the information
16 unless the requesting agency agrees to reimburse the unemployment
17 **insurance** agency for the costs incurred in furnishing the
18 information. For purposes of this subdivision, "public housing
19 agency" means an agency described in section 3(b)(6) of the United
20 States housing act of 1937, 42 USC ~~1437a(b)(6)~~. **1437a.**

21 (5) The unemployment **insurance** agency may make available to
22 the department of treasury information collected for the income and
23 eligibility verification system begun on October 1, 1988 for the
24 purpose of detecting potential tax fraud in other areas.

25 (6) A recipient of confidential information under this act
26 shall use the disclosed information only for purposes authorized by
27 law and consistent with an agreement entered into with the
28 unemployment **insurance** agency. The recipient shall not redisclose
29 the information to any other individual or entity without the

1 written permission of the unemployment **insurance** agency.

2 (c) The unemployment **insurance** agency may enter into
3 agreements with the appropriate agencies of other states or the
4 federal government under which potential rights to benefits
5 accumulated under the unemployment compensation laws of other
6 states or of the federal government, or both, may constitute the
7 basis for the payment of benefits through a single appropriate
8 agency under plans that the unemployment **insurance** agency finds
9 will be fair and reasonable to all affected interests and will not
10 result in substantial loss to the unemployment compensation fund.

11 (d)(1) The unemployment **insurance** agency may enter into
12 reciprocal agreements with the appropriate agencies of other states
13 or of the federal government that adjust the collection and payment
14 of contributions by employers with respect to employment not
15 localized within this state.

16 (2) The unemployment **insurance** agency may enter into
17 reciprocal agreements with agencies of other states administering
18 unemployment compensation under which contributions paid by an
19 employer to any other state may be received by the other state as
20 an agent acting for and on behalf of this state to the same extent
21 as if the contributions had been paid directly to this state if the
22 payment is remitted to this state. Contributions so received by
23 another state are considered contributions, required and paid under
24 this act as of the date the contributions were received by the
25 other state. The unemployment **insurance** agency may collect
26 contributions in a like manner for agencies of other states
27 administering unemployment compensation and remit the contributions
28 to the agencies under the terms of the reciprocal agreements.

29 (e) The unemployment **insurance** agency may make this state's

1 records relating to the administration of this act available and
2 may furnish to the Railroad Retirement Board or any other state or
3 federal agency administering an unemployment compensation law, at
4 the expense of that board or agency, copies of the records as the
5 Railroad Retirement Board considers necessary for its purpose.

6 (f) The unemployment **insurance** agency may cooperate with or
7 enter into agreements with any agency of another state or of the
8 United States charged with the administration of any unemployment
9 insurance or public employment service law.

10 The unemployment **insurance** agency may investigate, secure, and
11 transmit information, make available services and facilities, and
12 exercise other powers provided in this act with respect to the
13 administration of this act as it considers necessary or appropriate
14 to facilitate the administration of any unemployment compensation
15 or public employment service law, and may accept and utilize
16 information, services, and facilities made available to this state
17 by the agency charged with the administration of any other
18 unemployment compensation or public employment service law.

19 On request of an agency that administers an employment
20 security law of another state or a foreign government and that has
21 found, in accordance with that law, that a claimant is liable to
22 repay benefits received under that law, the unemployment **insurance**
23 agency may collect the amount of the benefits from the claimant to
24 be refunded to that agency.

25 ~~In a case in which~~ **If** under this subsection a claimant is
26 liable to repay an amount to the agency of another state or a
27 foreign government, the amount may be collected by civil action in
28 the name of the unemployment **insurance** agency acting as agent for
29 that agency. Court costs must be paid or guaranteed by the agency

1 of that state.

2 To the extent permissible under the laws and constitution of
3 the United States, the unemployment **insurance** agency may enter into
4 or cooperate in arrangements under which facilities and services
5 provided under this act and facilities and services provided under
6 the unemployment compensation law of Canada may be utilized for the
7 taking of claims and the payment of benefits under the unemployment
8 compensation law of this state or under a similar law of Canada.

9 Any employer who is not a resident of this state and who
10 exercises the privilege of having 1 or more individuals perform
11 service for ~~him or her~~ **the employer** within this state, and any
12 resident employer who exercises that privilege and thereafter
13 leaves this state, is considered to have appointed the secretary of
14 state as ~~his or her~~ **the employer's** agent and attorney for the
15 acceptance of process in any civil action under this act. In
16 instituting an action, the unemployment **insurance** agency shall
17 cause process or notice to be filed with the secretary of state,
18 and the service is sufficient and of the same force and validity as
19 if served ~~upon~~ **on** the nonresident or absent employer personally
20 within this state. The unemployment **insurance** agency shall
21 immediately send a notice and copy of the service of process or
22 notice by certified mail, return receipt requested, to the employer
23 at ~~his or her~~ **the employer's** last known address. The return
24 receipt, the unemployment **insurance** agency's affidavit of
25 compliance with this section, and a copy of the notice of service
26 must be attached to the original of the process filed in the court
27 in which the civil action is pending.

28 The courts of this state shall recognize and enforce
29 liabilities, as provided in this act, for unemployment compensation

1 contributions, penalties, and interest imposed by other states that
2 extend a like comity to this state.

3 The attorney general may commence action in the appropriate
4 court of any other state or any other jurisdiction of the United
5 States by and in the name of the unemployment **insurance** agency to
6 collect unemployment compensation contributions, penalties, and
7 interest finally determined, redetermined, or decided under this
8 act to be legally due to this state. The officials of other states
9 that extend a like comity to this state may sue in the courts of
10 this state for the collection of unemployment compensation
11 contributions, penalties, and interest, the liability for which has
12 been similarly established under the laws of the other state or
13 jurisdiction. A certificate by the secretary of another state under
14 the great seal of that state attesting the authority of the
15 official or officials to collect unemployment compensation
16 contributions, penalties, and interest is conclusive evidence of
17 that authority.

18 The attorney general may commence action in this state as
19 agent for or on behalf of any other state to enforce judgments and
20 established liabilities for unemployment compensation taxes or
21 contributions, penalties, and interest due the other state if the
22 other state extends a like comity to this state.

23 (g) The unemployment **insurance** agency may enter into
24 reciprocal agreements with the appropriate and authorized agencies
25 of other states or of the federal government under which
26 remuneration and services that determine entitlement to benefits
27 under the unemployment compensation law of another state or of the
28 federal government are considered wages and employment for the
29 purposes of sections 27 and 46, if the other state or federal

1 agency has agreed to reimburse the fund for that portion of
2 benefits paid under this act upon the basis of the remuneration and
3 services as the unemployment **insurance** agency finds will be fair
4 and reasonable as to all affected interests. A reciprocal agreement
5 may provide that wages and employment that determine entitlement to
6 benefits under this act are considered wages or services on the
7 basis of which unemployment compensation under the law of another
8 state or of the federal government is payable; that services
9 performed by an individual for a single employing unit for which
10 services are customarily performed by the individual in more than 1
11 state are considered services performed entirely within any 1 of
12 the states in which any part of the individual's service is
13 performed, in which the individual ~~has his or her residence,~~ **is a**
14 **resident**, or in which the employing unit maintains a place of
15 business, if there is in effect, as to those services, an election
16 approved by the agency charged with the administration of ~~the~~ **that**
17 state's unemployment compensation law, under which all the services
18 performed by the individual for the employing unit are considered
19 to be performed entirely within this state; and that the
20 unemployment **insurance** agency will reimburse other state or federal
21 agencies charged with the administration of unemployment
22 compensation laws with the reasonable portion of benefits, paid
23 under the law of any other state or of the federal government upon
24 the basis of employment and wages, as the unemployment **insurance**
25 agency finds will be fair and reasonable as to all affected
26 interests. Reimbursements payable under this subsection are
27 considered benefits for the purpose of limiting duration of
28 benefits and for the purposes of sections 20(a) and 26, and the
29 payments are chargeable to the contributing employer's experience

1 account for the purposes of sections 17, 18, 19, and 20, or the
2 reimbursing employer's account under section 13c, 13g, 13i, or 13l,
3 as applicable. Benefits paid under a combined wage plan must be
4 allocated and charged to each employer involved in the quarter in
5 which the paying state requires reimbursement. Benefits charged to
6 this state must be allocated to each employer of this state who has
7 employed the claimant during the base period of the paying state in
8 the same ratio that the wages earned by the claimant during the
9 base period of the paying state in the employ of the employer bears
10 to the total amount of wages earned by the claimant in the base
11 period of the paying state in the employ of all employers of the
12 state. The unemployment **insurance** agency may make to and receive
13 from other state or federal agencies reimbursements from or to the
14 fund, pursuant to arrangements made under this section.

15 (h) The unemployment **insurance** agency may enter into any
16 agreement necessary to cooperate with any agency of the United
17 States charged with the administration of any program for the
18 payment of primary or supplemental benefits to individuals recently
19 discharged from the military services of the United States and to
20 assist in the establishing of eligibility and in the payments of
21 benefits under those programs. The unemployment **insurance** agency
22 may, for those purposes, accept and administer funds made available
23 by the federal government and may accept and exercise any delegated
24 function under those programs. The unemployment **insurance** agency
25 shall not enter into an agreement providing for, or exercise any
26 function connected with, the disbursement of this state's
27 unemployment trust fund for purposes not authorized by this act.

28 (i) The unemployment **insurance** agency may enter into
29 agreements with the appropriate agency of the United States under

1 which, in accordance with the laws of the United States, the
2 unemployment **insurance** agency, as agent of the United States or
3 from funds provided by the United States, provides for the payment
4 of unemployment compensation or unemployment allowances of any
5 kind, including the payment of any benefits and allowances that are
6 made available for manpower development, training, retraining,
7 readjustment, and relocation. The unemployment **insurance** agency may
8 receive and disburse funds from the United States or any
9 appropriate agency of the United States pursuant to those
10 agreements.

11 If the federal enactment providing for unemployment
12 compensation, training allowance, or relocation payments requires
13 joint federal-state financing of those payments, the unemployment
14 **insurance** agency may participate in the programs by using funds
15 appropriated by the legislature to the extent provided by the
16 legislature for those programs.

17 (j) The unemployment **insurance** agency shall participate in any
18 arrangement that provides for the payment of compensation on the
19 basis of combining an individual's wages and employment covered
20 under this act with ~~his or her~~ **the individual's** wages and
21 employment covered under the unemployment compensation laws of
22 other states, if the arrangement is approved by the United States
23 Secretary of Labor in consultation with the state unemployment
24 compensation agencies as reasonably calculated to assure the prompt
25 and full payment of compensation. An arrangement must include
26 provisions for both of the following:

27 (i) Applying the base period of a single state law to a claim
28 involving the combining of an individual's wages and employment
29 covered under 2 or more state unemployment compensation laws.

1 (ii) Avoiding the duplicate use of wages and employment as a
2 result of the combining.

3 (k) The attorney general of this state or attorneys designated
4 by the attorney general shall represent the unemployment **insurance**
5 agency and this state in a proceeding before any court. Only the
6 attorney general or other attorneys designated by the attorney
7 general shall act as legal counsel for the unemployment **insurance**
8 agency.

9 Sec. 11a. An individual who testifies voluntarily before
10 another body concerning representations the individual made to the
11 unemployment **insurance** agency pursuant to the administration of
12 this act waives any privilege under section 11 otherwise applying
13 to the individual's representations to the unemployment **insurance**
14 agency.

15 Sec. 12. **(1)** This state ~~hereby~~ accepts the provisions of the
16 Wagner-Peyser act.

17 **(2)** The state employment service is established in the
18 ~~employment security commission~~ **department of labor and economic**
19 **opportunity**, which ~~shall be so~~ **is** administered ~~as~~ to cooperate with
20 any federal agency charged with the administration of the Wagner-
21 Peyser act and to conform with the requirements of the Wagner-
22 Peyser act. ~~Free public employment offices which shall be~~
23 ~~designated as the state employment service offices shall be~~
24 ~~established and maintained by the commission in such number and~~
25 ~~such places as may be necessary for the proper administration of~~
26 ~~this act and for the purpose of performing such functions as are~~
27 ~~within the purview of the Wagner-Peyser act. The commission is~~
28 ~~designated and constituted the agency of this state for the purpose~~
29 ~~of the Wagner-Peyser act.~~

1 ~~The commission is authorized and empowered, subject to the~~
 2 ~~approval of any federal agency charged with the administration of~~
 3 ~~the Wagner-Peyser act, to establish and operate in each employment~~
 4 ~~service office established in the state, a department or division,~~
 5 ~~the sole function and purpose of which shall be to secure and make~~
 6 ~~available, insofar as is possible, suitable employment for persons~~
 7 ~~over 45 years of age.~~

8 (3) All ~~moneys~~ **money** made available by ~~,~~ or received by this
 9 state under ~~said act of congress,~~ shall ~~the Wagner-Peyser act must~~
 10 be paid into the **Wagner-Peyser** administration fund created by this
 11 act. ~~,~~ and ~~said moneys are~~ **The money** appropriated and made
 12 available to the state employment service ~~to~~ **must** be expended only
 13 for the uses and purposes for which ~~same are~~ **that money is**
 14 received, as provided by this act and by ~~said the~~ Wagner-Peyser
 15 act.

16 ~~For the purpose of establishing and maintaining free public~~
 17 ~~employment offices, the commission is authorized to enter into~~
 18 ~~agreements with any political subdivision of this state, or with~~
 19 ~~any private, nonprofit organization, and as a part of any such~~
 20 ~~agreement the commission may accept moneys, services, or quarters~~
 21 ~~as a contribution to the administration fund.~~

22 ~~"Employment office" means a free public employment office or~~
 23 ~~branch thereof which is operated by this state or another state as~~
 24 ~~a part of a state controlled system of public employment offices,~~
 25 ~~or by a federal agency which is charged with the administration of~~
 26 ~~an unemployment compensation program or of free public employment~~
 27 ~~offices.~~

28 (4) **As used in this section,** "Wagner-Peyser act" means the act
 29 ~~passed by the congress of the United States of America, entitled~~

1 ~~"An act to provide for the establishment of a national employment~~
 2 ~~system and for cooperation with the states in the promotion of said~~
 3 ~~system, and for other purposes," approved June 6, 1933, being 48~~
 4 ~~statutes 113; United States code, title 29, section 49(c), as~~
 5 ~~amended, known as the Wagner-Peyser act, 29 USC 49 to 49l-2.~~

6 Sec. 13. (1) Each employer subject to this act shall pay to
 7 the unemployment **insurance** agency a tax in the form of payments in
 8 lieu of contributions if the employer is liable for those payments,
 9 or shall pay tax contributions equal to a standard rate of 5.4%,
 10 subject to an adjustment in rate of contributions as provided for
 11 in section 19. The contributions become due and must be paid to the
 12 unemployment **insurance** agency, for the unemployment compensation
 13 fund, by each employer semiannually or for shorter periods of not
 14 less than 28 days, as the unemployment **insurance** agency may
 15 **prescribe** by rule. ~~prescribe.~~ Contributions due and payable from an
 16 employer that is liable under this act solely on the basis of the
 17 payment of wages for domestic service may be paid annually on the
 18 date specified by the unemployment **insurance** agency. An obligation
 19 assessment payment made pursuant to section 10a or a contribution
 20 payment made pursuant to this section must be credited first to
 21 interest on the obligation assessment and then to the obligation
 22 assessment, with those payments applied to amounts unpaid and owing
 23 in the oldest calendar quarter and progressing each quarter to the
 24 most recent quarter. Any remainder must be credited first to
 25 penalties on contributions, then to interest on contributions, and
 26 then to contribution principal, with those payments applied to
 27 amounts unpaid and owing in the oldest calendar quarter and
 28 progressing each quarter to the most recent quarter. An employer's
 29 contribution must not be deducted directly or indirectly, in whole

1 or in part, from wages of individuals in ~~his or her~~ **the employer's**
2 employ. A contribution payment amount that is not an even dollar
3 amount must be credited to the account of the employer in an amount
4 equal to the next lower dollar amount if under 50 cents and in an
5 amount equal to the next higher dollar amount if 50 cents or more.
6 The unemployment **insurance** agency may prescribe by rule the details
7 of the computation and payment of contributions. Every employing
8 unit shall file with the unemployment **insurance** agency periodic
9 reports on forms and at a time the unemployment **insurance** agency
10 prescribes to disclose liability for contributions under this act.
11 Each employing unit shall keep records, including wage and
12 employment records, and shall, within prescribed time limits,
13 submit or provide reports, including wage and employment reports,
14 to the unemployment **insurance** agency or to the employing unit's
15 employees or former employees as the unemployment **insurance** agency
16 prescribes by rule.

17 (2) ~~Beginning with the first quarter of 1986, each~~ **Each**
18 employer shall file a quarterly wage report with the unemployment
19 **insurance** agency, on forms and at a time as the unemployment
20 **insurance** agency prescribes, which ~~shall~~ **must** include for each of
21 the employer's employees the employee's name, Social Security
22 number, gross wages paid during each quarter, and the name,
23 address, and federal and state employer identification number of
24 the individual's employer. If the unemployment **insurance** agency
25 discovers an error in a report filed timely, the unemployment
26 **insurance** agency shall provide written notification to the employer
27 of the error. If the employer provides corrected information ~~within~~
28 **not more than** 14 days ~~of~~ **after** the notification, the administrative
29 fine provided in section 54 for a late, incomplete, or erroneous

1 report does not apply. An employer that has more than 25 employees
2 on January 1, 2013 shall file quarterly reports beginning with the
3 report for the first quarter of 2013 by an electronic method
4 approved by the unemployment **insurance** agency. An employer that has
5 more than 5 but fewer than 26 employees on January 1, 2013 shall
6 file quarterly reports beginning with the report for the first
7 quarter of 2014 by an electronic method approved by the
8 unemployment **insurance** agency. An employer that has 5 or fewer
9 employees on January 1, 2013 shall file quarterly reports beginning
10 with the report for the first quarter of 2015 by an electronic
11 method approved by the unemployment **insurance** agency, except that
12 the director of the unemployment **insurance** agency, upon application
13 by the employer, may grant additional time for the employer to
14 comply with the electronic filing method if the director concludes
15 that satisfying the requirement of electronic filing will cause
16 economic hardship for the employer. The employer shall provide, and
17 the director shall consider, information about the employer's
18 anticipated cost expenditure for preparing for electronic filing
19 and about the employer's annual income. An employer that complies
20 with the reporting requirements of this subsection by filing
21 electronically a quarterly wage report using a method approved by
22 the unemployment **insurance** agency is not required to file
23 periodically to disclose contributions under this act.

24 (3) If in the first quarter of a year an eligible contributing
25 employer incurs a contribution obligation that is equal to 50% or
26 more of the eligible contributing employer's total contribution
27 obligation for the immediately preceding year, the eligible
28 contributing employer may discharge the liability for that first-
29 quarter contribution obligation by making quarterly payments that

1 distribute the first-quarter contribution obligation equally over
 2 the first quarter and the immediately succeeding 3 quarters. To
 3 avoid interest and penalties otherwise applicable to the payments
 4 described in this subsection, an employer that meets the
 5 requirements of this subsection shall notify the unemployment
 6 **insurance** agency of its election to make apportioned payments with
 7 the first quarter's payment and timely file each succeeding
 8 quarterly payment in the amounts prescribed in section 15a. This
 9 subsection applies to contributions beginning in the 2013 tax year.
 10 The unemployment **insurance** agency shall include a description of
 11 the optional payment method described in this subsection on the
 12 form, whether electronic or otherwise, that it provides to
 13 contributing employers for the payment of taxes and contributions
 14 required under this section. As used in this subsection, "eligible
 15 contributing employer" means a contributing employer that employed
 16 either of the following:

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

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

22 Sec. 13a. (1) ~~Any~~ **A** nonprofit organization ~~which~~ **that** is, or
 23 becomes, subject to this act after December 31, 1971, ~~shall~~ pay
 24 contributions as a contributing employer ~~pursuant to~~ **in accordance**
 25 **with** section 13, unless it elects to make reimbursement payments in
 26 lieu of contributions as a reimbursing employer ~~pursuant to~~ **in**
 27 **accordance with this section and** sections ~~13a to 13b and~~ 13c. For
 28 the purpose of this act, a nonprofit organization is an
 29 organization or group of organizations ~~which is~~ described in

1 section 501(c)(3) of the ~~federal~~ internal revenue code **of 1986, 26**
 2 **USC 501**, and is exempt from income tax under section 501(a) of ~~that~~
 3 **the internal revenue code of 1986, 26 USC 501.**

4 (2) A nonprofit organization ~~which~~**that** is subject to this act
 5 on December 31, 1971 ~~,~~ may elect to become a reimbursing employer
 6 for a period of not less than 2 calendar years beginning with
 7 January 1, 1972 if it files with the ~~commission~~**unemployment**
 8 **insurance agency** a written notice of its election ~~within~~**not later**
 9 **than** 30 days after January 1, 1972.

10 (3) A nonprofit organization ~~which~~**that** becomes subject to
 11 this act on or after January 1, 1972 ~~,~~ may elect to become a
 12 reimbursing employer for a period of not less than 2 calendar years
 13 beginning with the calendar year which contains the day when it
 14 became subject to this act by filing a written notice of its
 15 election with the ~~commission~~**unemployment insurance agency** not
 16 later than 30 days immediately following the date of determination
 17 that it was subject to this act.

18 (4) A nonprofit organization subject to this act that elects
 19 to become a reimbursing employer on or after ~~the effective date of~~
 20 ~~the amendatory act that added this subsection~~ **December 21, 1989**
 21 shall execute and file a surety bond, irrevocable letter of credit,
 22 or other security as approved by the ~~commission~~**unemployment**
 23 **insurance agency** in an amount approved by the ~~commission~~
 24 **unemployment insurance agency** to secure the payment of its
 25 obligations under this act. This subsection ~~shall~~**does** not apply to
 26 any nonprofit reimbursing employer who pays \$100,000.00 or less
 27 remuneration per calendar year for employment as determined by the
 28 ~~commission~~**unemployment insurance agency.**

29 Sec. 13b. (1) A nonprofit organization ~~which~~**that** makes an

1 election in accordance with section 13a(2) or (3) ~~shall continue to~~
 2 ~~be~~-**is** liable for reimbursement payments in lieu of contributions
 3 until it files with the ~~commission~~-**unemployment insurance agency** a
 4 written notice terminating its status as a reimbursing employer. A
 5 notice of termination may not be filed later than 30 days before
 6 the beginning of the calendar year when the termination is to be
 7 effective. Subsequent to the effective date of termination, the
 8 nonprofit organization shall be considered a newly liable employer
 9 for purposes of section 19(a).

10 (2) A nonprofit organization ~~which~~-**that** pays contributions
 11 under this act for a period ~~subsequent to~~-**after** January 1, 1972 ~~7~~
 12 may elect to become a reimbursing employer by filing a written
 13 notice of election with the ~~commission~~-**unemployment insurance**
 14 **agency** not later than 30 days before the beginning of a calendar
 15 year for which the election is effective. An election may not be
 16 terminated by the organization for the same year with respect to
 17 which the election is made or the following year.

18 (3) The ~~commission~~-**unemployment insurance agency** for good
 19 cause may extend for 30 days the period within which a notice of
 20 election or a notice of termination ~~shall~~-**must** be filed under this
 21 section or under section 13a.

22 (4) The ~~commission~~,**unemployment insurance agency**, in
 23 accordance with section 14, shall notify a nonprofit organization
 24 of a determination ~~which is made of~~-**regarding** its status as an
 25 employer, the effective date of an election ~~which~~-**that** it makes,
 26 and the termination of the election. The determinations ~~shall be~~
 27 **are** final unless further proceedings are taken ~~pursuant to~~-**under**
 28 section 32a.

29 Sec. 13c. (1) A nonprofit organization or group of nonprofit

1 organizations ~~which is~~ liable for reimbursement payments in lieu of
 2 contributions shall pay to the ~~commission~~ **unemployment insurance**
 3 **agency** an amount equal to the full amount of regular benefits plus
 4 the amount of extended benefits and training benefits paid during
 5 any calendar quarter that is attributable to service in the employ
 6 of such organization and ~~which that~~ is not reimbursable by the
 7 federal government. The amount ~~which that~~ a nonprofit organization
 8 or group of nonprofit organizations is required to pay ~~shall must~~
 9 be ascertained by the ~~commission~~ **unemployment insurance agency** as
 10 soon as practicable after the end of each calendar quarter and a
 11 statement of charges ~~shall must~~ be mailed to each nonprofit
 12 organization or group of organizations. Payment of the amount
 13 indicated in the statement of charges ~~shall must~~ not be made later
 14 than 30 days after the statement of charges was mailed.

15 (2) Past due reimbursement payments in lieu of contributions
 16 ~~shall be~~ **are** subject to the interest, penalty, assessment, and
 17 collection provisions provided in section 15.

18 Sec. 13d. If a nonprofit organization is delinquent in making
 19 reimbursement payments in lieu of contributions as required
 20 ~~pursuant to~~ **under** sections 13a to 13c, the ~~commission~~ **unemployment**
 21 **insurance agency** may terminate the organization's election to make
 22 reimbursement payments in lieu of contributions as of the beginning
 23 of the next calendar year, which termination ~~shall be~~ **is** effective
 24 for that and the next calendar year, or the ~~commission~~ **unemployment**
 25 **insurance agency** may require the nonprofit organization to execute
 26 and file with the ~~commission~~ **unemployment insurance agency** a surety
 27 bond, irrevocable letter of credit, or other security as approved
 28 by the ~~commission~~ **unemployment insurance agency** in an amount
 29 approved by the ~~commission~~ **unemployment insurance agency** to secure

1 the payment of its obligations under this act.

2 Sec. 13e. (1) Two or more employers who become liable for
 3 reimbursement payments in lieu of contributions ~~pursuant to~~**under**
 4 sections 13a to 13c, or ~~after December 31, 1977,~~ 2 or more
 5 employers who become liable for reimbursement payments in lieu of
 6 contributions ~~pursuant to~~**under** section 13i, may file a joint
 7 application with the ~~commission~~**unemployment insurance agency** for
 8 the establishment of a group account for the purpose of sharing the
 9 cost of benefits paid that are attributable to service in the
 10 employ of those employers. The joint application ~~shall~~**must**
 11 identify and authorize a representative to act for the group for
 12 the purposes of this act. Upon approval of the application, the
 13 ~~commission~~**unemployment insurance agency** shall establish a group
 14 account for the employers ~~which shall be~~**that is** effective as of
 15 the beginning of the calendar quarter in which the application is
 16 received or the first day of the following calendar quarter if
 17 requested by the group's representative. The ~~commission~~
 18 **unemployment insurance agency** shall notify the group's
 19 representative of the effective date of the account. The account
 20 ~~shall remain~~**remains** in effect for not less than 2 calendar years
 21 ~~and thereafter~~ until terminated at the discretion of the ~~commission~~
 22 **unemployment insurance agency** or upon application by the group.

23 Upon written notice to the ~~commission,~~**unemployment insurance**
 24 **agency**, an employer shall be added to a group account effective the
 25 first day of the calendar quarter in which the notice is received
 26 or the first day of the following calendar quarter if requested by
 27 the employer. Upon written notice received by the ~~commission,~~
 28 **unemployment insurance agency**, not later than 30 days before the
 29 start of a calendar year, an employer shall be removed from a group

1 account. However, an employer ~~shall remain~~**remains** a member of the
2 group for not less than 2 calendar years.

3 (2) ~~In the case of~~**For** a group composed of nonprofit
4 organizations, the group ~~shall be~~**is** liable for all benefit
5 charges, which are based on service with an employer while it was a
6 member of that group. Membership in a group ~~shall~~**does** not relieve
7 a member of liability for charges attributable to service in its
8 employ.

9 (3) ~~In the case of~~**For** a group composed of governmental
10 entities, the group ~~shall be~~**is** liable for all benefit charges,
11 which are based on services with an employer while it was a member
12 of that group. Membership in a group account ~~shall~~**does** not relieve
13 a member of liability for charges attributable to service in its
14 employ.

15 ~~(4) The provision of that section as amended by this 1977~~
16 ~~amendatory act shall be effective January 1, 1978, and shall apply~~
17 ~~to all group accounts in existence, or established, on or after~~
18 ~~that date.~~

19 Sec. 13f. ~~(1) For benefit years established before the~~
20 ~~conversion date prescribed in section 75, the benefits paid on the~~
21 ~~basis of credit weeks earned with a nonprofit organization while it~~
22 ~~was a reimbursing employer shall be reimbursed by the nonprofit~~
23 ~~organization pursuant to section 13c(1) and the benefits paid on~~
24 ~~the basis of credit weeks earned with that nonprofit organization~~
25 ~~while it was a contributing employer shall be charged to the~~
26 ~~experience account of the nonprofit organization pursuant to~~
27 ~~section 20.~~

28 ~~(2) For benefit years established after the conversion date~~
29 ~~prescribed in section 75, the benefits~~**Benefits** paid on the basis

1 of base period wages paid by a nonprofit organization while it was
 2 a reimbursing employer ~~shall~~**must** be reimbursed by the nonprofit
 3 organization ~~pursuant to~~**in accordance with** section 13c(1) and the
 4 benefits paid on the basis of base period wages paid by that
 5 nonprofit organization while it was a contributing employer ~~shall~~
 6 **must** be charged to the experience account of the nonprofit
 7 organization ~~pursuant to~~**in accordance with** section 20. Benefits
 8 paid to an individual and chargeable to the nonprofit organization
 9 on the basis that the nonprofit organization was the separating
 10 employer in the claim ~~shall~~**must** be charged to the experience
 11 account of the nonprofit organization if it was a contributing
 12 employer at the time of the separation, or ~~shall~~**must** be reimbursed
 13 by the nonprofit organization if it was a reimbursing employer at
 14 the time of the separation.

15 Sec. 13g. (1) ~~The~~**This** state, as a reimbursing employer, is
 16 liable for reimbursement payments in lieu of contributions and
 17 shall pay to the ~~commission~~**unemployment insurance agency** an amount
 18 equal to the full amount of regular benefits plus the amount of
 19 extended benefits and training benefits paid during any calendar
 20 quarter that is attributable to service in the employ of ~~the~~**this**
 21 state and ~~which is~~ not reimbursable by the federal government. The
 22 amount ~~which~~**that** is required to be paid into the fund ~~shall~~**must**
 23 be ascertained by the ~~commission~~**unemployment insurance agency** as
 24 soon as practicable after the end of each calendar quarter.
 25 Payments by ~~the~~**this** state ~~shall~~**must** be made at the times and **in**
 26 **the** manner as the ~~commission~~**unemployment insurance agency**
 27 prescribes.

28 (2) The ~~commission~~**unemployment insurance agency** shall
 29 maintain a separate account in the fund for each department,

1 commission, or other budgetary unit of ~~the~~**this** state.
 2 Reimbursement payments made by ~~the~~**this** state to the unemployment
 3 fund under this section ~~shall~~**must** be charged to funds available
 4 for the payment of wages and salaries in each department,
 5 commission, or other budgetary unit, according to the amount of
 6 benefits charged to each budgetary unit.

7 (3) ~~The~~**This** state ~~shall continue to be~~**is** liable for
 8 reimbursement payments in lieu of contributions until it terminates
 9 its status as a reimbursing employer and elects to become a
 10 contributing employer. The election ~~shall~~**must** be by concurrent
 11 resolution of the legislature adopted before the beginning of a
 12 calendar year ~~for which~~**that** the election is to be effective.

13 (4) If ~~the~~**this** state elects to be a contributing employer, it
 14 may subsequently elect, by concurrent resolution of the
 15 legislature, to become a reimbursing employer. The concurrent
 16 resolution ~~shall~~**must** be adopted before the beginning of a calendar
 17 year ~~for which~~**that** the election is to be effective. The election
 18 to ~~be~~**become** a reimbursing employer may not be terminated for the
 19 calendar year with respect to which the election is made and the
 20 following calendar year.

21 (5) ~~For benefit years established before the conversion date~~
 22 ~~prescribed in section 75, benefits paid on the basis of credit~~
 23 ~~weeks earned with the state while it was a reimbursing employer~~
 24 ~~shall be reimbursed by the state and benefits paid on the basis of~~
 25 ~~credit weeks earned with the state while it was a contributing~~
 26 ~~employer shall be charged to the experience account of the state~~
 27 ~~pursuant to section 20. For benefit years established after the~~
 28 ~~conversion date prescribed in section 75, benefits~~**Benefits** paid on
 29 the basis of base period wages paid by ~~the~~**this** state while it was

1 a reimbursing employer ~~shall~~**must** be reimbursed by ~~the~~**this** state
 2 and benefits paid on the basis of base period wages paid by ~~the~~
 3 **this** state while it was a contributing employer ~~shall~~**must** be
 4 charged to the experience account of ~~the~~**this** state ~~pursuant to~~**in**
 5 **accordance with** section 20. Benefits paid to an individual and
 6 chargeable to ~~the~~**this** state on the basis that ~~the~~**this** state was
 7 the separating employer in the claim for benefits ~~shall~~**must** be
 8 charged to the experience account of ~~the~~**this** state if it was a
 9 contributing employer at the time of the separation, or ~~shall~~**must**
 10 be reimbursed by ~~the~~**this** state if it was a reimbursing employer at
 11 the time of the separation.

12 (6) Past due reimbursement payments in lieu of contributions
 13 ~~shall be~~**are** subject to the interest, penalty, assessment, and
 14 collection provisions provided in section 15.

15 Sec. 13i. (1) Except as provided in section 13g, **all of the**
 16 **following apply to** a governmental entity: ~~which:~~

17 (a) ~~Is, or becomes~~**A governmental entity** subject to this act
 18 ~~after December 31, 1974,~~ shall make reimbursement payments in lieu
 19 of contributions as a reimbursing employer for not less than 2
 20 calendar years, ~~beginning January 1, 1975,~~ unless it elects to pay
 21 contributions as a contributing employer pursuant to section 13.

22 (b) ~~Becomes~~**A governmental entity** subject to this act ~~on or~~
 23 ~~after January 1, 1975,~~ may elect to become a contributing employer
 24 beginning with the calendar year ~~which~~**that** contains the day when
 25 it becomes subject to this act by filing a written notice of its
 26 election with the ~~commission~~**unemployment insurance agency** not
 27 later than 30 days after the date of determination that it was
 28 subject to this act.

29 (c) ~~Pays~~**A governmental entity that pays** contributions under

1 this act ~~for a period after January 1, 1975,~~ may elect to become a
 2 reimbursing employer by filing a written notice of the election
 3 with the ~~commission~~ **unemployment insurance agency** not later than 30
 4 days before the beginning of a calendar year ~~for which~~ **that** the
 5 election is to be effective. The election may not be terminated for
 6 the calendar year with respect to which the election is made and
 7 the following calendar year.

8 (d) ~~Becomes~~ **A governmental entity that becomes** a reimbursing
 9 employer under subdivision (a) or elects to become a reimbursing
 10 employer in accordance with subdivision (c), ~~shall continue to be~~
 11 **is** liable for reimbursement payments in lieu of contributions until
 12 it files with the ~~commission~~ **unemployment insurance agency** a
 13 written notice terminating its status as a reimbursing employer and
 14 electing to become a contributing employer. The notice may not be
 15 filed later than 30 days before the beginning of the calendar year
 16 when the termination and election is to be effective. After the
 17 effective date of termination, the governmental entity shall be
 18 considered a newly liable employer for the purposes of section
 19 19(a).

20 (2) The ~~commission~~ **unemployment insurance agency** for good
 21 cause may extend for 30 days the period within which a notice of
 22 election ~~shall~~ **must** be filed under this section.

23 (3) The ~~commission,~~ **unemployment insurance agency,** in
 24 accordance with section 14, shall notify a governmental entity of a
 25 determination ~~which is made of~~ **regarding** its status as an employer,
 26 the effective date of an election which it makes and the
 27 termination of any prior election. The ~~determinations shall be~~
 28 **determination is** final unless further proceedings are taken
 29 ~~pursuant to~~ **under** section 32a.

1 Sec. 13k. (1) Except as provided in section 13g, a
 2 governmental entity ~~which is~~ liable for reimbursement payments in
 3 lieu of contributions shall pay to the ~~commission~~ **unemployment**
 4 **insurance agency** an amount equal to the full amount of regular
 5 benefits plus the amount of extended benefits and training benefits
 6 paid during a calendar quarter that are attributable to service in
 7 the employ of the organization and ~~which that~~ are not reimbursable
 8 by the federal government.

9 (2) The amount required to be paid by a governmental entity
 10 ~~shall must~~ be ascertained by the ~~commission~~ **unemployment insurance**
 11 **agency** as soon as practicable after the end of each calendar
 12 quarter and a statement of charges ~~shall must~~ be mailed to each
 13 entity. A governmental entity shall reimburse the fund ~~within not~~
 14 **more than** 30 days after the start of the next fiscal year of the
 15 governmental entity following the calendar year for which the
 16 governmental entity is to be charged.

17 (3) Past due reimbursement payments in lieu of contributions
 18 ~~shall be~~ **are** subject to the interest, penalty, assessment, and
 19 collection provisions provided in section 15.

20 (4) A school district or community college district ~~which is~~
 21 liable for contributions for a calendar year shall pay the
 22 contributions ~~within not more than~~ 30 days after the start of its
 23 next fiscal year after that calendar year.

24 (5) A governmental entity, other than ~~the this~~ state or a
 25 school district or community college district ~~which is~~ liable for
 26 contributions shall pay the contributions due as required ~~by under~~
 27 section 13.

28 (6) If a governmental entity other than ~~the this~~ state is
 29 delinquent for 2 consecutive calendar years in making reimbursement

1 payments in lieu of contributions, the ~~commission-unemployment~~
 2 **insurance agency** may terminate the employer's election to make
 3 reimbursement payments in lieu of contributions as of the beginning
 4 of the next calendar year, which termination ~~shall be~~ **is** effective
 5 for that **calendar year** and the next calendar year.

6 (7) ~~For benefit years established before the conversion date~~
 7 ~~prescribed in section 75, benefits paid on the basis of credit~~
 8 ~~weeks earned with a governmental entity while it was a reimbursing~~
 9 ~~employer shall be reimbursed by the employer pursuant to~~
 10 ~~subsections (1), (2), and (3), and the benefits paid on the basis~~
 11 ~~of credit weeks earned with a governmental entity while it was a~~
 12 ~~contributing employer shall be charged to the experience account of~~
 13 ~~the employer pursuant to section 20. For benefit years established~~
 14 ~~after the conversion date prescribed in section 75, benefits~~
 15 **Benefits** paid on the basis of base period wages paid by a
 16 governmental entity while it was a reimbursing employer ~~shall~~ **must**
 17 be reimbursed by the employer pursuant to subsections (1), (2), and
 18 (3), and benefits paid on the basis of base period wages paid by a
 19 governmental entity while it was a contributing employer ~~shall~~ **must**
 20 be charged to the experience account of the employer ~~pursuant to~~ **in**
 21 **accordance with** section 20. Benefits paid to an individual and
 22 chargeable to the governmental entity on the basis that the
 23 governmental entity was the separating employer in the claim ~~shall~~
 24 **must** be charged to the experience account of the governmental
 25 entity if it was a contributing employer at the time of the
 26 separation, or ~~shall~~ **must** be reimbursed by the governmental entity
 27 if it was a reimbursing employer at the time of the separation.

28 Sec. 13~~l~~. (1) An Indian tribe or tribal unit liable as an
 29 employer under section 41 shall pay reimbursements in lieu of

1 contributions under the same terms and conditions as all other
2 reimbursing employers liable under section 41, unless the Indian
3 tribe or tribal unit elects to pay contributions.

4 (2) An Indian tribe or tribal unit that elects to make
5 contributions shall file with the unemployment **insurance** agency a
6 written request for that election before January 1 of the calendar
7 year in which the election will be effective. ~~or within 30 days of~~
8 ~~the effective date of the amendatory act that added this section.~~
9 The Indian tribe or tribal unit shall determine if the election to
10 pay contributions will apply to the tribe as a whole, will apply
11 only to individual tribal units, or will apply to stated
12 combinations of individual tribal units.

13 (3) An Indian tribe or tribal unit paying reimbursements in
14 lieu of contributions ~~shall~~**must** be billed for the full amount of
15 benefits attributable to service in the employ of the Indian tribe
16 or tribal unit. An Indian tribe or tribal unit shall reimburse the
17 fund annually ~~within~~**not more than** 30 calendar days after the
18 mailing of the final billing for the immediately preceding calendar
19 year.

20 (4) If an Indian tribe or tribal unit ~~fails to~~**does not** make
21 payments in lieu of contributions, including assessments of
22 interest and penalties, ~~within~~**not more than** 90 calendar days after
23 the mailing of the notice of delinquency, the Indian tribe will
24 lose the ability to make payments in lieu of contributions
25 immediately unless the payment in full or collection on the
26 security is received by the unemployment **insurance** agency by
27 December 1 of that calendar year. An Indian tribe that loses the
28 ability to make payments in lieu of contributions ~~shall~~**must** be
29 made a contributing employer and shall not ~~have the ability to make~~

1 payments in lieu of contributions until all contributions, payments
 2 in lieu of contributions, interest, or penalties have been paid.
 3 The ability to make payments in lieu of contributions ~~shall~~**must** be
 4 reinstated effective the January 1 immediately succeeding the year
 5 in which the Indian tribe has paid in full all contributions,
 6 payments in lieu of contributions, interest, and penalties. If an
 7 Indian tribe ~~fails to~~**does not** pay in full all contributions,
 8 payments in lieu of contributions, interest, and penalties ~~within~~
 9 **not more than** 90 calendar days ~~of~~**after** a notice of delinquency,
 10 the unemployment **insurance** agency shall immediately notify the
 11 United States ~~department~~**Department** of labor~~Labor~~ and the ~~internal~~
 12 ~~revenue service~~**Internal Revenue Service** of the United States
 13 ~~department~~**Department** of treasury~~Treasury~~ of that delinquency. If
 14 that delinquency is satisfied, the unemployment **insurance** agency
 15 shall immediately notify the United States ~~department~~**Department** of
 16 labor~~Labor~~ and the ~~internal revenue service~~**Internal Revenue**
 17 **Service** of the United States ~~department~~**Department** of treasury
 18 **Treasury** that all contributions, payments in lieu of contributions,
 19 interest, and penalties have been paid.

20 (5) A notice of delinquency to an Indian tribe or tribal unit
 21 ~~shall~~**must** include information that failure to make full payment
 22 ~~within~~**not more than** 90 days ~~of~~**after** the date of mailing of the
 23 notice of delinquency will result in the Indian tribe losing the
 24 ability to make payments in lieu of contributions until the
 25 delinquency and all contributions, payments in lieu of
 26 contributions, interest, and penalties have been paid in full.

27 (6) Any Indian tribe or tribal unit that makes reimbursement
 28 payments in lieu of contributions ~~shall be~~**is** required to post a
 29 security, subject to all of the following conditions:

1 (a) A reimbursing tribe or tribal unit ~~must either~~**shall** post
2 the security ~~within 30 days of the effective date of the amendatory~~
3 ~~act that added this section or~~ by November 30 of the year before
4 the year for which the security is required.

5 (b) The security ~~shall~~**must** be in the form of a surety bond,
6 irrevocable letter of credit, or other banking device that is
7 acceptable to the unemployment **insurance** agency and that provides
8 for payment to the unemployment **insurance** agency, on demand, of an
9 amount equal to the security that is required to be posted. The
10 required security may be posted by a third-party guarantor.

11 (c) The requirement for a security does not apply to an Indian
12 tribe or tribal unit that is expected to have less than \$100,000.00
13 per calendar year in total wage payments, as determined by the
14 unemployment **insurance** agency. An Indian tribe or tribal unit is
15 required to provide security if the payment of gross wages in a
16 calendar year is equal to or greater than \$100,000.00. The employer
17 shall notify the unemployment **insurance** agency ~~within~~**not more than**
18 60 days ~~from~~**after** the date its payroll equals or exceeds
19 \$100,000.00. The security ~~shall~~**must** be posted ~~within~~**not more than**
20 30 days ~~of~~**after** notice by the unemployment **insurance** agency of a
21 requirement to post a security.

22 (d) The amount of the security required is 4.0% of the
23 employer's estimated total annual wage payments, as determined by
24 the unemployment **insurance** agency. Indian tribes or tribal units
25 that have a previous wage payment history ~~shall be~~**are** required to
26 file a security that is equal to 4.0% of the gross wages paid for
27 the 12-month period ending June 30 of the year immediately
28 preceding the year for which the security is required or 4.0% of
29 the employer's estimated total annual wages, whichever is greater.

1 (7) Any Indian tribe or tribal unit that is liable for
2 reimbursements in lieu of contributions may form a group account
3 with another tribe or tribal unit, in the same manner and with the
4 same restrictions provided in section 13e(3).

5 (8) Notwithstanding section 41(1), ~~after December 20, 2000,~~
6 "employer" includes an Indian tribe or tribal unit for which
7 services are performed in employment as defined in subsection (9).

8 (9) ~~After December 20, 2000, "employment"~~ **"Employment"**
9 includes service performed in the employ of an Indian tribe or
10 tribal unit, if the service is excluded from employment as that
11 term is defined in the federal unemployment tax act, chapter 23 of
12 subtitle C of the internal revenue code of 1986, 26 ~~U.S.C.~~ **USC** 3301
13 to 3311, solely by reason of section 3306(c)(7) of the federal
14 unemployment tax act, chapter 23 of subtitle C of the internal
15 revenue code of 1986, **26 USC 3306**, and is not otherwise excluded
16 from the definition of employment under section 43.

17 (10) As used in this act:

18 (a) "Indian tribe" means that term as defined in section
19 3306(u) of the federal unemployment tax act, chapter 23 of subtitle
20 C of the internal revenue code of 1986, 26 ~~U.S.C.~~ **USC** 3306.

21 (b) "Tribal unit" includes any subdivision, subsidiary, or
22 business enterprise, wholly owned by an Indian tribe.

23 Sec. 13m. (1) A professional employer organization that has
24 not previously filed shall file a report with the **unemployment**
25 **insurance** agency in accordance with R 421.121 and R 421.190 of the
26 Michigan ~~administrative code~~ **Administrative Code** for a
27 determination of its status as a liable employing unit and employer
28 under this act. A PEO determined to be a liable employer shall
29 complete an electronic employer registration in the manner approved

1 by the **unemployment insurance** agency to register its employer
2 liability.

3 (2) Except as provided in subdivision (b), a PEO that is a
4 liable employer shall use the following method for reporting wages
5 and paying unemployment contributions under this act:

6 (a) The PEO shall comply with all requirements of this act
7 that apply to a contributing employer. The PEO shall file a single
8 quarterly wage report and unemployment contribution report and pay
9 contributions of its client employers based on the account
10 information of each client employer. The unemployment **insurance**
11 agency shall convert a reimbursing employer to a contributing
12 employer beginning with the calendar quarter in which the employer
13 becomes a client employer of a PEO. The PEO shall file reports
14 required under R 421.121 of the Michigan ~~administrative code~~
15 **Administrative Code** and make contribution payments by electronic
16 reporting and payment methods approved by the agency. The PEO shall
17 notify the **unemployment insurance** agency ~~within not more than~~ 30
18 days after any employer becomes its client employer and ~~within not~~
19 **more than** 30 days after any client employer discontinues its
20 association with the PEO. All of the following apply to a rate
21 calculation for client employers of the PEO:

22 (i) For a client employer that is a contributing employer and
23 was a client employer of the PEO on the date that the PEO changed
24 to the reporting method provided in this subdivision, the following
25 rates apply:

26 (A) Except as provided in sub-subparagraphs (B) and (C), if
27 the client employer reported no employees or no payroll to the
28 **unemployment insurance** agency ~~for 8 or more calendar quarters or,~~
29 ~~beginning January 1, 2014,~~ for 12 or more calendar quarters, the

1 client employer's unemployment tax rate will be the new employer
2 tax rate.

3 (B) If the client employer was a client employer of the PEO
4 ~~for less than 8 calendar quarters or, beginning January 1, 2014,~~
5 for less than 12 calendar quarters, the client employer's
6 unemployment tax rate will be based on the client employer's prior
7 account and experience.

8 (C) If the client employer's account has been terminated for
9 more than 1 year or if the client employer never previously
10 registered with the **unemployment insurance** agency, the client shall
11 be separately registered using a method approved by the
12 **unemployment insurance** agency ~~within not more than~~ 30 days after
13 the employer becomes a client employer of the PEO. The client
14 employer shall be assigned the new employer unemployment tax rate.

15 (ii) A business entity that is a contributing employer and
16 becomes a client employer of the PEO ~~on or after January 1, 2014~~
17 shall retain its existing unemployment tax rate or establish a new
18 rate as provided in section 19.

19 (b) A PEO that is a liable employer and that was operating in
20 this state before January 1, 2011 ~~may elect and use the reporting~~
21 ~~method in subdivision (a) before January 1, 2014, but shall report~~
22 using the method in subdivision (a). ~~on and after January 1, 2014.~~

23 (3) A PEO that is a liable employer is the employer for
24 purposes of claims management and hearings under this act on behalf
25 of the client employer.

26 (4) A PEO that reports under subsection (2)(a) shall confirm
27 the mailing address of the client employer, which may be stated as
28 that of the PEO or of the client employer. The PEO shall disclose
29 the business address of the client employer, which ~~shall be~~ **is** the

1 physical address of the client employer, to the agency.

2 (5) Either the PEO that reports under subsection (2)(a) or the
3 PEO's client employers, but not both, shall file a quarterly wage
4 detail report electronically, and shall file a quarterly
5 contribution payment in a manner approved by the **unemployment**
6 **insurance** agency. If a client entity of a PEO leases some of its
7 employees from the PEO but retains the remainder of its employees,
8 the leased employees ~~shall~~**must** be reported by the PEO under the
9 client entity's unemployment insurance agency account number and
10 the retained employees ~~shall~~**must** be reported by the client entity
11 under an agency-assigned subaccount number of the client entity's
12 account number.

13 (6) The **unemployment insurance** agency shall issue a FUTA
14 certification in accordance with the internal revenue code of 1986,
15 26 USC 1 to 9834, and regulations, rulings, instructions, and
16 directives of the ~~internal revenue service.~~**Internal Revenue Service**
17 **of the United States Department of Treasury.**

18 (7) The requirements of this section do not preclude the
19 agency from enforcing any provision of this act based on any act or
20 omission by a PEO that occurred before January 1, 2011.

21 (8) As used in this section, "professional employer
22 organization" or "PEO" means that term as defined in R
23 421.190(1)(d) of the Michigan ~~administrative code.~~**Administrative**
24 **Code.**

25 Sec. 14. (1) The ~~commission,~~**unemployment insurance agency,**
26 after affording reasonable opportunity for ~~the submission of~~
27 **submitting** relevant information in writing or in person, may make
28 determinations with respect to whether an employing unit
29 constitutes an employer and whether services performed for or in

1 connection with the business of an employing unit constitute
 2 employment for that employing unit subject to this act. The
 3 employing unit, or other interested parties, which may include an
 4 individual who is or was employed by that employing unit, on ~~his or~~
 5 ~~her~~ **the individual's** request, ~~shall~~ **must** be promptly notified of
 6 the determination and the reasons for the determination. The
 7 determination ~~shall be~~ **is** final as to those parties unless the
 8 employing unit or other interested parties ~~files~~ **file** an
 9 application for a review and redetermination in accordance with
 10 section 32a or, ~~within~~ **not more than** 30 days after the mailing or
 11 personal service of the notice of determination, ~~pays~~ **pay** under
 12 protest the amount charged or found to be due as contributions. If
 13 evidence is presented indicating that an employing unit ~~which~~ **that**
 14 has been determined not to be an employer is or was actually an
 15 employer, or that services ~~which~~ **that** have been held not to
 16 constitute employment are or were actually employment, the previous
 17 determination ~~shall~~ **must** be reopened and reconsidered by the
 18 ~~commission~~ **unemployment insurance agency** in accordance with section
 19 32a and a redetermination made as the facts and law require; but in
 20 the absence of fraud, if the employing unit is finally found to
 21 constitute an employer or to be liable for contributions with
 22 respect to services previously held nonsubject, contributions with
 23 respect to those services ~~shall~~ **are** not ~~be~~ collectible for any
 24 period before the first day of the last completed calendar year
 25 preceding the reopening of the determination. In the absence of
 26 fraud, an individual, legal entity, or employing unit ~~shall~~ **must**
 27 not be retroactively determined to be an employer for any period
 28 before the 3 calendar years preceding the issuance of the
 29 determination.

1 (2) A determination or redetermination of the ~~commission,~~
 2 **unemployment insurance agency**, or a decision of a referee or the
 3 appeal board, or of the courts of this state, which has become
 4 final, together with the record thereof, may be introduced in any
 5 proceeding involving a claim for benefits and the facts ~~therein~~
 6 found and the determination, redetermination, or decision ~~therein~~
 7 made ~~shall be~~ **are** conclusive unless substantial evidence to the
 8 contrary is introduced by or on behalf of the claimant.

9 Sec. 15. (a) Contributions unpaid on the date ~~on which they~~
 10 **that the contributions** are due and payable, as prescribed by the
 11 unemployment **insurance** agency, and unpaid restitution of benefit
 12 overpayments, except as otherwise provided under this subsection,
 13 bear interest at the rate of 1% per month, computed on a day-to-day
 14 basis for each day the delinquency is unpaid, from and after that
 15 date until payment plus accrued interest is received by the
 16 unemployment **insurance** agency. The interest on unpaid contributions
 17 and on unpaid restitution of benefit overpayments, exclusive of
 18 penalties, must not exceed 50% of the amount of contributions due
 19 at due date or 50% of the amount of restitution owing. ~~Nothing in~~
 20 ~~this act authorizes~~ **This act does not authorize** the assessment or
 21 collection of interest on a penalty imposed under this act.
 22 Interest collected under this section must be paid into the
 23 contingent fund. Penalties collected under this section must be
 24 credited ~~pursuant to~~ **in accordance with** section 54(k). With regard
 25 to contribution payments, the unemployment **insurance** agency may
 26 cancel any interest and any penalty when it is shown that the
 27 failure to pay on or before the last day on which the tax could
 28 have been paid without interest and penalty was not the result of
 29 negligence, intentional disregard of the rules of the unemployment

1 **insurance** agency, or fraud. All of the following apply to interest
2 on unpaid restitution of benefit overpayments:

3 (1) Except as provided in subdivisions (2) and (3), interest
4 begins accruing 1 year after the date the unemployment **insurance**
5 agency's determination or redetermination or an administrative law
6 judge's, the ~~Michigan compensation appellate commission's,~~
7 **unemployment insurance appeals commission's**, or a court's order
8 that a claimant owes restitution is final.

9 (2) The unemployment **insurance** agency shall not assess
10 interest for improperly paid benefits that were the result of an
11 administrative or clerical error made by the unemployment **insurance**
12 agency. Interest assessed for improperly paid benefits that is
13 later determined to have been the result of an administrative or
14 clerical error made by the unemployment **insurance** agency must be
15 waived, and any payment made by a claimant for such interest must
16 be refunded.

17 (3) If the unemployment **insurance** agency determines or
18 redetermines or an administrative law judge, the ~~Michigan~~
19 ~~compensation appellate~~ **unemployment insurance appeals** commission,
20 or a court orders that a claimant made an intentional false
21 statement, misrepresentation, or concealed material information to
22 obtain or increase benefits, interest begins accruing on the date
23 the unemployment **insurance** agency's determination or
24 redetermination or the order is final.

25 (b) The unemployment **insurance** agency may make assessments
26 against an employer, claimant, employee of the unemployment
27 **insurance** agency, or third party who fails to pay contributions,
28 restitution of benefit overpayments, reimbursement payments in lieu
29 of contributions, penalties, forfeitures, or interest as required

1 by this act. The unemployment **insurance** agency shall immediately
2 notify the employer, claimant, employee of the unemployment
3 **insurance** agency, or third party of the assessment in writing by
4 first-class mail. The unemployment **insurance** agency shall not make
5 an assessment against a claimant, an employee of the unemployment
6 **insurance** agency, or a third party under this subsection unless the
7 assessment is for a penalty for a violation of section 54(a) or (b)
8 or sections 54a to 54c. An assessment made under this subsection is
9 a final determination unless the employer, claimant, employee of
10 the unemployment **insurance** agency, or third party files with the
11 unemployment **insurance** agency an application for a redetermination
12 of the assessment ~~pursuant to~~ **in accordance with** section 32a. A
13 review by the unemployment **insurance** agency or an appeal to an
14 administrative law judge or the ~~Michigan compensation appellate~~
15 **unemployment insurance appeals** commission on the assessment does
16 not reopen a question concerning an employer's liability for
17 contributions or reimbursement payments in lieu of contributions or
18 a claimant's entitlement to benefits, unless the claimant or
19 employer was not a party to the proceeding or decision where the
20 basis for the assessment was determined. An employer may pay an
21 assessment under protest and file an action to recover the amount
22 paid as provided under subsection (d). If an assessment is not paid
23 ~~within~~ **not more than** 15 days after it becomes final, the
24 unemployment **insurance** agency may issue a warrant under its
25 official seal for the collection of the assessed amount. The
26 unemployment **insurance** agency, through its authorized employees and
27 under a warrant issued, may place a lien on any bank account of a
28 claimant or employer and may levy upon and sell the property of an
29 employer that is used in connection with the employer's business,

1 or that is subject to a notice to withhold, found within this
2 state, for the payment of the amount of the contributions including
3 penalties, interests, and the cost of executing the warrant.
4 Property of the employer used in connection with the employer's
5 business is not exempt from levy under the warrant. Wages subject
6 to a notice to withhold are exempt to the extent the wages are
7 exempt from garnishment under the laws of this state. The warrant
8 must be returned to the unemployment **insurance** agency together with
9 the money collected under the warrant within the time specified in
10 the warrant which must not be less than 20 or more than 90 days
11 after the date of the warrant. The unemployment **insurance** agency
12 shall proceed upon the warrant as prescribed by law in respect to
13 executions issued against property upon judgments by a court of
14 record. This state, through the unemployment **insurance** agency or
15 some other officer or agent designated by it, may bid for and
16 purchase property sold under this subsection. If an employer,
17 claimant, employee of the unemployment **insurance** agency, or third
18 party is delinquent in the payment of a contribution, reimbursement
19 payment in lieu of contribution, penalty, forfeiture, or interest
20 provided for in this act, the unemployment **insurance** agency may
21 give notice of the amount of the delinquency served either
22 personally or by mail, to a person or legal entity, including this
23 state and its subdivisions, that has in its possession or under its
24 control a credit or other intangible property belonging to the
25 employer, claimant, employee of the unemployment **insurance** agency,
26 or third party, or who owes a debt to the employer, claimant,
27 employee of the unemployment **insurance** agency, or third party at
28 the time of the receipt of the notice. A person or legal entity
29 that is notified shall not transfer or dispose of the credit, other

1 intangible property, or debt without retaining an amount sufficient
2 to pay the amount specified in the notice unless the unemployment
3 **insurance** agency consents to a transfer or disposition or 45 days
4 have elapsed from the receipt of the notice. A person or legal
5 entity that is notified shall advise the unemployment **insurance**
6 agency ~~within~~ **not more than** 5 days after receipt of the notice of a
7 credit, other intangible property, or debt, that is in its
8 possession, under its control, or owed by it. A person or legal
9 entity that is notified and that transfers or disposes of credits
10 or personal property in violation of this section is liable to the
11 unemployment **insurance** agency for the value of the property or the
12 amount of the debts thus transferred or paid, but not more than the
13 amount specified in the notice. An amount due a delinquent
14 employer, claimant, employee of the unemployment **insurance** agency,
15 or third party subject to a notice to withhold must be paid to the
16 unemployment **insurance** agency upon service upon the debtor of a
17 warrant issued under this section.

18 (c) In addition to the mode of collection provided in
19 subsection (b), if, after proper notice, an employer defaults in
20 payment of contributions or interest on the contributions, or a
21 claimant, employee of the unemployment **insurance** agency, or third
22 party defaults in the payment of a penalty, the unemployment
23 **insurance** agency may bring an action at law in a court of competent
24 jurisdiction to collect and recover the amount of a contribution,
25 and any interest on the contribution, or the penalty, and in
26 addition 10% of the amount of contributions or penalties found to
27 be due, as damages. An employer, claimant, employee of the
28 unemployment **insurance** agency, or third party adjudged in default
29 shall pay costs of the action. The unemployment **insurance** agency

1 shall not bring an action against a claimant, employee of the
2 unemployment **insurance** agency, or third party under this subsection
3 unless the action is brought only to recover penalties for
4 violations of section 54(a) or (b) or sections 54a to 54c. A court
5 shall hear civil actions brought under this section at the earliest
6 possible date. If a judgment is obtained against an employer for
7 contributions and an execution on that judgment is returned
8 unsatisfied, a court may enjoin the employer from operating and
9 doing business in this state until the judgment is satisfied. The
10 circuit court of the county in which the judgment is docketed, or
11 the Ingham County circuit court, may grant an injunction upon the
12 petition of the unemployment **insurance** agency. A copy of the
13 petition for injunction and a notice of when and where the court
14 shall act on the petition must be served on the employer ~~at least~~
15 **not less than** 21 days before the court may grant the injunction.

16 (d) An employer or employing unit improperly charged or
17 assessed contributions provided for under this act, or a claimant,
18 employee of the unemployment **insurance** agency, or third party
19 improperly assessed a penalty under this act and who paid the
20 contributions or penalty under protest ~~within~~ **not more than** 30 days
21 after the mailing of the notice of determination of assessment, may
22 recover the amount improperly collected or paid, together with
23 interest, in any proper action against the unemployment **insurance**
24 agency. The circuit court of the county in which the employer or
25 employing unit or claimant, employee of the unemployment **insurance**
26 agency, or third party resides, or, in the case of an employer or
27 employing unit, in which the principal office or place of business
28 of the employer or employing unit is located, has original
29 jurisdiction of an action to recover contributions improperly paid

1 or collected or a penalty improperly assessed whether or not the
2 charge or assessment has been reviewed by the unemployment
3 **insurance** agency or heard or reviewed by an administrative law
4 judge or the ~~Michigan compensation appellate~~ **unemployment insurance**
5 **appeals** commission. The court does not have jurisdiction of the
6 action unless written notice of the claim is given to the
7 unemployment **insurance** agency ~~at least~~ **not less than** 30 days before
8 the institution of the action. In an action to recover
9 contributions paid or collected or penalties assessed, the court
10 shall allow costs it considers proper. Either party to the action
11 has the same right of appeal as provided by law in other civil
12 actions. A claimant, employee of the unemployment **insurance** agency,
13 or third party shall not bring an action against the unemployment
14 **insurance** agency under this subsection unless it is brought only to
15 recover penalties and interest on those penalties improperly
16 assessed by the unemployment **insurance** agency under section 54(a)
17 or (b) or sections 54a to 54c. If a final judgment is rendered in
18 favor of the plaintiff in an action to recover the amount of
19 contributions illegally collected or charged, the treasurer of the
20 unemployment **insurance** agency, upon receipt of a certified copy of
21 the final judgment, shall pay the amount of contributions illegally
22 collected or charged or penalties assessed from the clearing
23 account, and pay interest as allowed by the court, in an amount not
24 to exceed the actual earnings of the contributions as found to have
25 been illegally collected or charged, from the contingent fund.

26 (e) Except for liens and encumbrances recorded before the
27 filing of the notice provided for in this section, all
28 contributions, interest, and penalties payable under this act to
29 the unemployment **insurance** agency from an employer, claimant,

1 employee of the unemployment **insurance** agency, or third party that
2 neglects to pay the same when due are a first and prior lien upon
3 all property and rights to property, real and personal, belonging
4 to the employer, claimant, employee of the unemployment **insurance**
5 agency, or third party. The lien continues until the liability for
6 that amount or a judgment arising out of the liability is satisfied
7 or becomes unenforceable by reason of lapse of time. The lien
8 attaches to the property and rights to property of the employer,
9 claimant, employee of the unemployment **insurance** agency, or third
10 party, whether real or personal, from and after the required filing
11 date of the report upon which the specific tax is computed. Notice
12 of the lien must be recorded in the office of the register of deeds
13 of the county in which the property subject to the lien is
14 situated, and the register of deeds shall accept the notice for
15 recording. Notice of the lien may also be filed with the secretary
16 of state pursuant to the state tax lien registration act, 1968 PA
17 203, MCL 211.681 to 211.687. This subsection applies only to
18 penalties and interest on those penalties assessed by the
19 unemployment **insurance** agency against a claimant, employee of the
20 unemployment **insurance** agency, or third party for violations of
21 section 54(a) or (b) or sections 54a to 54c.

22 If there is a distribution of an employer's assets pursuant to
23 an order of a court under the laws of this state, including a
24 receivership, assignment for benefit of creditors, adjudicated
25 insolvency, composition, or similar proceedings, contributions then
26 or thereafter due must be paid in full before all other claims
27 except for wages and compensation under the worker's disability
28 compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941. In
29 the distribution of estates of decedents, claims for funeral

1 expenses and expenses of last sickness are also entitled to
2 priority.

3 (f) A court shall not issue an injunction to stay proceedings
4 for the assessment or collection of a contribution, or interest or
5 penalty on a contribution, levied and required by this act.

6 (g) A person or employing unit that acquires the organization,
7 trade, business, or 75% or more of the assets from an employing
8 unit, as a successor described in section 41(2), is liable for
9 contributions and interest due to the unemployment **insurance** agency
10 from the transferor at the time of the acquisition in an amount not
11 to exceed the reasonable value of the organization, trade,
12 business, or assets acquired, less the amount of a secured interest
13 in the assets owned by the transferee that are entitled to
14 priority. If a transferor or transferee who has, not less than 10
15 days before the acquisition, requested from the unemployment
16 **insurance** agency in writing a statement certifying the status of
17 contribution liability of the transferor, the unemployment
18 **insurance** agency shall provide the transferor or transferee with
19 that statement and the transferee is not liable for any amount due
20 from the transferor in excess of the amount of liability computed
21 as prescribed in this subsection and certified by the unemployment
22 **insurance** agency. ~~At least~~ **Not less than** 2 calendar days not
23 including a Saturday, Sunday, or legal holiday before the
24 acceptance of an offer, the transferor, or the transferor's real
25 estate broker or other agent representing the transferor, shall
26 disclose to the transferee on a form provided by the unemployment
27 **insurance** agency the amounts of the transferor's outstanding
28 unemployment tax liability, unreported unemployment tax liability,
29 and the tax payments, tax rates, and cumulative benefit charges for

1 the most recent 5 years; a listing of all individuals currently
2 employed by the transferor; and a listing of all employees
3 separated from employment with the transferor in the most recent 12
4 months. The form must specify any other information the
5 unemployment **insurance** agency determines is required for a
6 transferee to estimate future unemployment compensation costs based
7 on the transferor's benefit charge and unemployment tax reporting
8 and payment experience. ~~Failure of~~ **If** the transferor, or the
9 transferor's real estate broker or other agent representing the
10 transferor, ~~to~~ **does not** provide accurate information required by
11 this subsection, **the transferor, or the transferor's real estate**
12 **broker or other agent representing the transferor, is guilty of a**
13 misdemeanor punishable by imprisonment for not more than 90 days,
14 or a fine of not more than \$2,500.00, or both. In addition, the
15 transferor, or the transferor's real estate broker or other agent
16 representing the transferor, is liable to the transferee for any
17 consequential damages resulting from the ~~failure to comply with~~
18 **violation of** this subsection. However, the real estate broker or
19 other agent is not liable for consequential damages if ~~he or she~~
20 **the real estate broker or other agent** exercised good faith in
21 compliance with the disclosure of information. The remedy provided
22 the transferee is not exclusive, and does not reduce any other
23 right or remedy against any party provided for in this or any other
24 act. ~~Nothing in this subsection decreases~~ **This subsection does not**
25 **decrease** the liability of the transferee as a successor in
26 interest, or ~~prevents~~ **prevent** the transfer of a rating account
27 balance as provided in this act. The remedies under this subsection
28 are in addition to the remedies the unemployment **insurance** agency
29 has against the transferor.

1 (h) If a part of a deficiency in payment of the employer's
2 contribution to the fund is due to negligence or intentional
3 disregard of unemployment **insurance** agency rules, but without
4 intention to defraud, 5% of the total amount of the deficiency, in
5 addition to the deficiency and all other interest charges and
6 penalties provided herein, must be assessed, collected, and paid in
7 the same manner as a deficiency. If a part of a deficiency is
8 determined in an action at law to be the result of fraud with
9 intent to avoid payment of contributions to the fund, then the
10 judgment rendered must include an amount equal to 50% of the total
11 amount of the deficiency, in addition to the deficiency and all
12 other interest charges and penalties provided herein.

13 (i) If an employing unit fails to make a report as reasonably
14 required by the rules of the unemployment **insurance** agency pursuant
15 ~~to~~**under** this act, the unemployment **insurance** agency may estimate
16 the liability of that employing unit from information it obtains
17 and, according to that estimate, assess the employing unit for the
18 contributions, penalties, and interest due. The unemployment
19 **insurance** agency may act under this subsection only after a default
20 continues for 30 days and after the unemployment **insurance** agency
21 has determined that the default of the employing unit is willful.

22 (j) An assessment or penalty with respect to contributions
23 unpaid is not effective for any period before the 3 calendar years
24 preceding the date of the assessment.

25 (k) The rights respecting the collection of contributions and
26 the levy of interest and penalties and damages made available to
27 the unemployment **insurance** agency by this section are additional to
28 other powers and rights vested in the unemployment **insurance** agency
29 under ~~other provisions of~~ this act. The unemployment **insurance**

1 agency may exercise any of the collection remedies under this act
2 even though an application for a redetermination or an appeal is
3 pending final disposition.

4 (l) A person recording a lien or a discharge of a lien under
5 this section shall pay to the register of deeds a recording fee
6 that is equivalent to the fee for entering and recording a mortgage
7 as authorized under section 2567 of the revised judicature act of
8 1961, 1961 PA 236, MCL 600.2567.

9 (m) In addition to the restitution recoupment methods in
10 section 62, the unemployment **insurance** agency may obtain
11 restitution due from a claimant as a result of a benefit
12 overpayment that has become final by any of the following methods:

13 (1) Levy of a bank account belonging to the claimant.

14 (2) Entry into a wage assignment with the claimant.

15 (3) Issuing an administrative garnishment of the wages of the
16 claimant.

17 (n) To obtain an administrative garnishment, the unemployment
18 **insurance** agency must notify the claimant of its intention to issue
19 an administrative garnishment on the claimant's employer and the
20 amount determined to be due from the claimant. The notice must
21 include a demand for immediate payment of the amount due, a
22 statement that it is not subject to appeal, and a statement that
23 the claimant may, ~~within~~ **not more than** 30 days ~~of~~ **after** the
24 issuance of the notice, object to the garnishment by providing
25 information to the agency, with supporting documentation, that the
26 claimant does not owe the stated amount of restitution. Not less
27 than 30 days after issuing the notice to the claimant, the
28 unemployment **insurance** agency shall notify the claimant's employer
29 to withhold from earnings due or to become due from the claimant

1 the amount shown on the notice plus accrued interest. The employer
2 shall comply with the notice to withhold and shall continue to
3 withhold each pay period the amount shown on the notice plus
4 accrued interest until the garnishment amount plus accrued interest
5 has been satisfied and the notice is released by the unemployment
6 **insurance** agency. The unemployment **insurance** agency's
7 administrative garnishment has priority over any subsequent
8 garnishment or wage assignment. The amount subject to garnishment
9 for any pay period must be decreased by any other irrevocable and
10 previously effective assignment of wages or other garnishment
11 action served on the employer before service of the **unemployment**
12 **insurance** agency's garnishment notice. The amount of the
13 unemployment **insurance** agency's garnishment must not exceed 25% of
14 the balance. In response to the administrative garnishment, the
15 employer shall do all of the following:

16 (1) ~~Within~~ **Not more than** 10 calendar days after the date of
17 the unemployment **insurance** agency's notice to withhold wages,
18 notify the unemployment **insurance** agency of the amount of any
19 irrevocable and previously effective assignment of wages or
20 garnishment actions.

21 (2) ~~Within~~ **Not more than** 10 days after the end of each pay
22 period in which wages are required to be withheld under the
23 administrative garnishment, remit to the unemployment **insurance**
24 agency the amount withheld pursuant to the administrative
25 garnishment.

26 (3) ~~Within~~ **Not more than** 10 days after the date on which the
27 claimant ceases to be employed by the employer, notify the
28 unemployment **insurance** agency.

29 (o) Before payment of a prize of \$1,000.00 or more under the

1 McCauley-Traxler-Law-Bowman-McNeeley lottery act, 1972 PA 239, MCL
2 432.1 to 432.47, the bureau of state lottery shall determine
3 whether a lottery prize winner has a current liability for
4 restitution of unemployment benefits, penalty, or interest,
5 assessed by the unemployment **insurance** agency and the amount of the
6 prize owing to the unemployment **insurance** agency and shall remit
7 that amount to the unemployment **insurance** agency.

8 (p) If the unemployment **insurance** agency does not record the
9 discharge of lien with the register of deeds and seek reimbursement
10 for that recording fee, the unemployment **insurance** agency shall
11 provide the discharge of lien document and a notice of lien
12 recording fee to the debtor, who is then responsible for recording
13 the discharge and paying the applicable amounts required under
14 section 2567 of the revised judicature act of 1961, 1961 PA 236,
15 MCL 600.2567. The notice of lien recording fee must state the
16 amount of the recording fee the unemployment **insurance** agency paid
17 for recording the lien that is the subject of the discharge and may
18 include any other relevant information.

19 (q) In addition to any other remedy provided under this act,
20 the unemployment **insurance** agency may seek to recover unemployment
21 compensation debt as provided by 26 USC 6402(f), 42 USC 503(m), or
22 other applicable federal law. The debtor is liable for any fee the
23 federal government imposes with respect to implementing the
24 deduction from a federal tax refund.

25 Sec. 15a. (1) The unemployment **insurance** agency shall not
26 collect interest on a contribution obligation that an employer pays
27 through apportioned quarterly payments, if the employer meets the
28 requirements of section 13(3) and has remitted the following
29 amounts or more each quarter by the date established for each

1 quarterly filing:

2 (a) First quarter - 25% of the total obligation incurred in
3 the first quarter.

4 (b) Second quarter - the obligation incurred in the second
5 quarter plus 25% of the total obligation for the first quarter.

6 (c) Third quarter - the obligation incurred in the third
7 quarter plus 25% of the total obligation for the first quarter.

8 (d) Fourth quarter - the obligation incurred in the fourth
9 quarter plus 25% of the total obligation for the first quarter.

10 (2) If an employer fails in any quarter to pay in full, by the
11 due date of the tax payment for that quarter, the percentage of the
12 tax deferred from the first quarter as described in subsection (1),
13 the unemployment **insurance** agency may collect interest at the rate
14 specified in section 15 on the amount of the deferred tax that is
15 due in that quarter and unpaid.

16 Sec. 16. If, not later than 3 years after the date of payment
17 of ~~any~~ **an** amount as contributions or interest, ~~thereon,~~ ~~an~~
18 employing unit ~~which has~~ ~~that~~ paid ~~such~~ ~~the~~ amount shall make
19 ~~application~~ **applies** for an adjustment or refund ~~thereof~~ ~~of the~~
20 **amount**, the ~~commission~~ **unemployment insurance agency** shall
21 determine whether ~~such~~ ~~the~~ contributions or interest or any portion
22 ~~thereof~~ ~~of the contributions or interest~~ was erroneously collected,
23 ~~and~~ the employing unit shall ~~must~~ be promptly notified of ~~such~~
24 **the** determination, which shall ~~become~~ **becomes** final unless the
25 employing unit files with the ~~commission~~ **unemployment insurance**
26 **agency** an application for redetermination ~~thereof~~ in accordance
27 with ~~the provisions of~~ section 32a. If it is finally determined,
28 redetermined, or otherwise decided that any amount ~~thus~~ at issue
29 was erroneously collected, the ~~commission~~ **unemployment insurance**

1 **agency** shall allow ~~such~~**the** employing unit to make an adjustment
 2 ~~thereof, of the amount,~~ without interest, in connection with
 3 subsequent contribution payments by ~~him.~~**the employing unit.** If the
 4 adjustment cannot be made within the ensuing 3 months, the
 5 ~~commission~~**unemployment insurance agency** shall refund the amount,
 6 without interest, from the appropriate fund or funds. For like
 7 cause, in the same manner, and within the same period, adjustment
 8 or refund may be made by the ~~commission~~**unemployment insurance**
 9 **agency** on its own initiative. When the individual owner of an
 10 employing unit who is entitled to a refund dies or is legally
 11 declared insane or mentally incompetent, the refund ~~shall become~~
 12 **becomes** due and payable to the person who appears to the ~~commission~~
 13 **unemployment insurance agency** upon investigation to be the legal
 14 heir or guardian of the individual owner, or to any other person
 15 found by the ~~commission~~**unemployment insurance agency** to be
 16 equitably entitled to the refund by reason of having incurred
 17 expenses in behalf of the individual owner for ~~his~~**the individual**
 18 **owner's** burial or other necessary expenses.

19 Sec. 17. (1) The unemployment **insurance** agency shall maintain
 20 in the unemployment compensation fund a nonchargeable benefits
 21 account and a separate experience account for each employer as
 22 provided in this section. This act does not give an employer or
 23 individuals in the employer's service prior claims or rights to the
 24 amount paid by the employer to the unemployment compensation fund.
 25 All contributions to that fund must be pooled and available to pay
 26 benefits to any individual entitled to the benefits under this act,
 27 irrespective of the source of the contributions.

28 (2) The nonchargeable benefits account ~~shall~~**must** be credited
 29 with the following:

1 (a) All net earnings received on money, property, or
2 securities in the fund.

3 (b) Any positive balance remaining in the employer's
4 experience account as of the second June 30 computation date
5 occurring after the employer has ceased to be subject to this act
6 or after the employer has elected to change from a contributing
7 employer to a reimbursing employer.

8 (c) The proceeds of the nonchargeable benefits component of
9 employers' contribution rates determined as provided in section
10 19(a)(5).

11 (d) All reimbursements received under section 11(c).

12 (e) All amounts that may be paid or advanced by the federal
13 government under section 903 or section 1201 of the social security
14 act, 42 USC 1103 and 1321, to the account of ~~the~~**this** state in the
15 federal unemployment trust fund.

16 (f) All benefits improperly paid to claimants that have been
17 recovered and that were previously charged to an employer's
18 account.

19 (g) Any benefits forfeited by an individual by application of
20 section 62(b).

21 (h) The amount of any benefit check, any employer refund
22 check, any claimant restitution refund check, or other payment duly
23 issued that has not been presented for payment within 1 year after
24 the date of issue.

25 (i) Any other unemployment fund income not creditable to the
26 experience account of any employer.

27 (j) Any negative balance transferred to an employer's new
28 experience account pursuant to this section.

29 (k) Amounts transferred from the contingent fund under section

1 10.

2 (3) The nonchargeable benefits account ~~shall~~**must** be charged
3 with the following:

4 (a) Any negative balance remaining in an employer's experience
5 account as of the second June 30 computation date occurring after
6 the employer has ceased to be subject to this act or has elected to
7 change from a contributing employer to a reimbursing employer.

8 (b) Refunds of amounts erroneously collected due to the
9 nonchargeable benefits component of an employer's contribution
10 rate.

11 (c) All training benefits paid under section 27(g) not
12 reimbursable by the federal government and based on service with a
13 contributing employer.

14 (d) Any positive balance credited or transferred to an
15 employer's new experience account under this subsection.

16 (e) Repayments to the federal government of amounts advanced
17 by it under section 1201 of the social security act, 42 USC 1321,
18 to the unemployment compensation fund established by this act.

19 (f) The amounts received by the unemployment compensation fund
20 under section 903 of the social security act, 42 USC 1103, that may
21 be appropriated to the unemployment **insurance** agency in accordance
22 with subsection (8).

23 (g) All benefits determined to have been improperly paid to
24 claimants that have been credited to employers' accounts in
25 accordance with section 20(a).

26 (h) The amount of any substitute check or other payment issued
27 to replace an uncashed benefit check, employer refund check,
28 claimant restitution refund check, or other payment previously
29 credited to this account.

1 (i) The amount of any benefit check or other payment issued
2 that would be chargeable to the experience account of an employer
3 who has ceased to be subject to this act, and who has had a balance
4 transferred from the employer's experience account to the solvency
5 or nonchargeable benefits account.

6 (j) All benefits that become nonchargeable to an employer
7 under section 19(b) or (c), 29(1)(a)(i) to (iv) or (3), or 42a.

8 (k) For benefit years with benefits allocated under section
9 20(f) for a week of unemployment in which a claimant earns
10 remuneration with a contributing employer that equals or exceeds
11 the amount of benefits allocated to that contributing employer.

12 (l) Benefits that are nonchargeable to an employer's account in
13 accordance with section 20(i) or (j).

14 (m) Benefits otherwise chargeable to the account of an
15 employer when the benefits are payable solely on the basis of
16 combining wages paid by a Michigan employer with wages paid by a
17 non-Michigan employer under the interstate arrangement for
18 combining employment and wages under 20 CFR 616.1 to 616.11.

19 (4) All contributions paid by an employer must be credited to
20 the unemployment compensation fund, and, except as otherwise
21 provided with respect to the proceeds of the nonchargeable benefits
22 component of employers' contribution rates by section 19(a)(5), to
23 the employer's experience account, as of the date when paid.

24 However, the contributions paid during any July ~~shall~~**must** be
25 credited as of the immediately preceding June 30. Additional
26 contributions paid by an employer as the result of a retroactive
27 contribution rate adjustment, solely for the purpose of this
28 subsection, must be credited to the employer's experience account
29 as if paid when due, if the payment is received ~~within~~**not more**

1 **than** 30 days after the issuance of the initial assessment that
2 results from the contribution rate adjustment and a written request
3 for the application is filed by the employer during this period.

4 (5) If an employer who has ceased to be subject to this act,
5 and who has had a positive or negative balance transferred as
6 provided in subsection (2) or (3) from the employer's experience
7 account to the solvency or nonchargeable benefits account as of the
8 second computation date after the employer has ceased to be subject
9 to this act, becomes subject to this act again ~~within~~**not more than**
10 6 years after that computation date, the unemployment **insurance**
11 agency shall transfer the positive or negative balance, adjusted by
12 the debits and credits that are made after the date of transfer, to
13 the employer's new experience account.

14 (6) If an employer's status as a reimbursing employer is
15 terminated ~~within~~**not more than** 6 years after the date the
16 employer's experience account as a prior contributing employer was
17 transferred to the solvency or nonchargeable benefits account as
18 provided in subsection (2) or (3) and the employer continues to be
19 subject to this act as a contributing employer, any positive or
20 negative balance in the employer's experience account as a prior
21 contributing employer that was transferred to the solvency or
22 nonchargeable benefits account must be transferred to the
23 employer's new experience account. However, an employer who is
24 delinquent with respect to any reimbursement payments in lieu of
25 contributions for which the employer may be liable must not have a
26 positive balance transferred during the delinquency.

27 (7) If a balance is transferred to an employer's new account
28 under subsection (5) or (6), the employer is not considered a
29 "qualified employer" until the employer has again been subject to

1 this act for the period set forth in section 19(a)(1).

2 (8) All money credited under section 903 of the social
3 security act, 42 USC 1103, to the account of ~~the~~**this** state in the
4 federal unemployment trust fund must immediately be credited by the
5 unemployment **insurance** agency to the fund's nonchargeable benefits
6 account. There is authorized to be appropriated to the unemployment
7 **insurance** agency from the money credited to the nonchargeable
8 benefits account under this subsection, an amount determined to be
9 necessary for the proper and efficient administration by the
10 unemployment **insurance** agency of this act for purposes for which
11 federal grants under title ~~3-III~~ of the social security act, 42 USC
12 501 to ~~505,~~**506**, and the Wagner-Peyser act, 29 USC 49 to 49**l-2**, are
13 not available or are insufficient. The appropriation expires not
14 more than 2 years after the date of enactment and must provide that
15 any unexpended balance is credited to the nonchargeable benefits
16 account. An appropriation under this subsection must not exceed the
17 "adjusted balance" of the nonchargeable benefits account on the
18 most recent computation date. Appropriations made under this
19 subsection must limit the total amount that may be obligated by the
20 unemployment **insurance** agency during a fiscal year to an amount
21 that does not exceed the amount by which the aggregate of the
22 amounts credited to the nonchargeable benefits account under this
23 subsection during the fiscal year and the 24 preceding fiscal
24 years, exceeds the aggregate of the amounts obligated by the
25 unemployment **insurance** agency by appropriation under this
26 subsection and charged against the amounts thus credited to the
27 nonchargeable benefits account during any of the 25 fiscal years
28 and any amounts credited to the nonchargeable benefits account that
29 have been used for the payment of benefits.

1 ~~(9) Notwithstanding any other provision of this act, any~~
 2 ~~benefit paid to a claimant that is laid off or placed on a leave of~~
 3 ~~absence must not be charged to the account of any employer who~~
 4 ~~otherwise would have been charged but instead must be charged to~~
 5 ~~the nonchargeable benefits account. This subsection does not apply~~
 6 ~~after March 31, 2021.~~

7 Sec. 18. As used in this act:

8 (a) "Computation date" means June 30 of each year.

9 (b) "Balance" means:

10 (1) As applied to an employer's experience account or to the
 11 nonchargeable benefits account, the initial balance of that account
 12 plus the credits and minus the charges that are made in accordance
 13 with this act. A "negative balance" in an experience account exists
 14 when its balance is a minus quantity.

15 (2) As applied to the fund, the sum obtained by adding the
 16 total money received by the fund through the date in question plus
 17 interest earnings credited to the fund by the United States
 18 ~~treasury~~ **Department of the Treasury** as of or before that date, and
 19 subtracting:

20 (i) Amounts received by the fund from the federal government as
 21 advances to pay benefits under a federal act but not used as yet
 22 for that purpose.

23 (ii) Advances made to the fund by the federal government under
 24 section 1201 of the social security act, 42 ~~U.S.C.~~ **USC** 1321, that
 25 have not been repaid to, canceled, or recovered by the federal
 26 government.

27 (iii) Amounts that may have been appropriated by the legislature
 28 in accordance with section 903(c)(2) of the social security act, 42
 29 ~~U.S.C. 1103(e)(2).~~ **USC 1103.**

1 (iv) All disbursements from the fund.

2 (c) "Adjusted balance", as applied to the nonchargeable
3 benefits account, means the balance of that account minus its
4 contingent liabilities, namely, the amount of advances made to the
5 fund by the federal government under section 1201 of the social
6 security act, 42 U.S.C.—**USC** 1321, that have not been repaid to,
7 canceled, or recovered by the federal government, and the total
8 amount of negative balances in employer experience accounts.

9 (d) (1) The "experience component" of an employer's
10 contribution rate means the sum of the employer's chargeable
11 benefits and account building components.

12 (2) If at least 1 but fewer than all of the applicable
13 quarterly reports of wages and contributions due with respect to
14 the 12-month period ending on the computation date have been filed
15 by an employer, the employer's experience component ~~shall~~**must** be
16 set so that ~~his or her~~**the employer's** contribution rate for the
17 calendar year affected ~~shall~~**must** be the rate set in accordance
18 with section 19(a), and in addition a penalty of 3% of wages paid
19 to an individual with respect to employment, subject to the taxable
20 wage limit, ~~shall~~**must** be imposed on the employer. The ~~commission~~
21 **unemployment insurance agency** shall calculate the rate using the
22 information filed by the employer for the quarter or quarters
23 reported. If none of the applicable quarterly reports of wages and
24 contributions due with respect to the 12-month period ending on the
25 computation date have been filed by an employer, the employer's
26 experience component ~~shall~~**must** be set so that the employer's
27 contribution rate for the calendar year affected ~~shall~~**must not** be
28 ~~not~~ less than the highest rate applicable to the number of years of
29 the employer's contribution liability in accordance with section

1 19(a), and in addition a penalty of 3% of wages paid to an
 2 individual with respect to employment, subject to the taxable wage
 3 limit, ~~shall~~**must** be imposed on the employer. An employer whose
 4 contribution rate and penalty have been determined under this
 5 section may have ~~his or her~~**the employer's** contribution rate
 6 redetermined in accordance with section 19(a) and may have ~~his or~~
 7 ~~her~~**the employer's** penalty redetermined and removed if the employer
 8 files all of the missing reports not later than 30 days after the
 9 date of mailing of the notice of determination of contribution
 10 rate. An employer who files all of the missing reports after the 30
 11 days but not later than 1 year after the date of mailing of the
 12 determination of contribution rate and penalty shall have ~~his or~~
 13 ~~her~~**the employer's** contribution rate redetermined in accordance
 14 with section 19(a) and shall have ~~his or her~~**the employer's** penalty
 15 redetermined to 2%. However, if the ~~commission~~**unemployment**
 16 **insurance agency** finds that the employer had good cause for filing
 17 the missing reports after the 30-day period but within 1 year, the
 18 ~~commission~~**unemployment insurance agency** shall redetermine the
 19 employer's contribution rate in accordance with section 19(a) and
 20 shall redetermine and remove the penalty. The ~~commission~~
 21 **unemployment insurance agency** may by rule prescribe good cause
 22 reasons for removing the penalty. Notwithstanding section 32a, if
 23 the employer files all of the missing reports after 1 year, good
 24 cause ~~shall~~**must** not be considered, but the employer's contribution
 25 rate ~~shall~~**must** be redetermined in accordance with section 19(a)
 26 and the employer's penalty ~~shall remain~~**remains** at 3%. A penalty
 27 paid by an employer pursuant to this section ~~shall~~**must** not be
 28 credited to the employer's experience account nor to the
 29 unemployment compensation fund. The penalty ~~shall~~**must** be credited

1 to the interest and penalty account of the contingent fund. A
2 contribution rate for a tax year may not be redetermined under this
3 subsection if the missing reports for that year are received more
4 than 3 years after the rate determination for the year is issued
5 with respect to taxable years beginning on or after January 1,
6 1991.

7 (e) (1) "Cost criterion" means the number arrived at as of
8 each computation date through the following calculations:

9 (i) With respect to each period of 12 consecutive months,
10 ~~starting after 1956,~~ calculate the percentage ratio of the benefits
11 paid during the 12 months to the aggregate amount of the payrolls
12 paid by employers within the most recent calendar year completed
13 before the start of the 12-month period.

14 (ii) Select the largest percentage ratio, which is referred to
15 as the "cost criterion", to be used as of that computation date.

16 (2) For purposes of this subsection, "benefits" do not include
17 benefits paid under a federal law or that are reimbursable or have
18 been reimbursed by the federal government, and "payroll" does not
19 include remuneration paid by this state and other employers who
20 make reimbursement payments instead of contributions.

21 (f) "Payroll" means remuneration paid by a contributing
22 employer for employment.

23 (g) Notwithstanding the definition of "balance" as applied to
24 the fund and of "adjusted balance" as applied to the nonchargeable
25 benefits account by subsections (b) and (c), if the federal
26 unemployment tax act, 26 ~~U.S.C.—USC~~ 3301 to 3311 or the social
27 security act, 42 ~~U.S.C.—USC~~ 301 to 1397e, is amended to cancel the
28 liability of employers in this state to pay additional federal
29 unemployment taxes under the reduced credit provisions of section

1 3302(c) of the federal unemployment tax act, 26 U.S.C. ~~3302(e)~~, **USC**
 2 **3302**, otherwise applicable to the then unpaid balance of money
 3 advanced to the Michigan unemployment fund since 1974, the amount
 4 of that part of the unpaid balance ~~shall~~**must** be included in the
 5 balance of the unemployment fund and in the adjusted balance of the
 6 nonchargeable benefits account.

7 Sec. 19. (a) The ~~commission~~**unemployment insurance agency**
 8 shall determine the contribution rate of each contributing employer
 9 for each calendar year after 1977 as follows:

10 (1) (i) Except as provided in paragraph (ii), an employer's rate
 11 ~~shall~~**must** be calculated as described in table A, A-1, or A-2 with
 12 respect to wages paid by the employer in each calendar year for
 13 employment. If an employer's coverage is terminated under section
 14 24, or at the conclusion of 12 or more consecutive calendar
 15 quarters during which the employer has not had workers in covered
 16 employment, and if the employer again becomes liable for
 17 contributions, the employer ~~shall~~**must** be considered as newly
 18 liable for contributions for the purposes of the tables in this
 19 subsection. An employer that becomes liable under section 41(2)
 20 will not be assigned the new employer rate but instead the
 21 employer's most recent prior rate as a predecessor employer will be
 22 assigned to its new account.

23 (ii) To provide against the high risk of net loss to the fund
 24 in such cases, an employing unit that becomes newly liable for
 25 contributions under this act in a calendar year beginning on or
 26 after January 1, 1983 in which it employs in "employment", not
 27 necessarily simultaneously but in any 1 week 2 or more individuals
 28 in the performance of 1 or more contracts or subcontracts for
 29 construction in ~~the~~**this** state of roads, bridges, highways, sewers,

1 water mains, utilities, public buildings, factories, housing
 2 developments, or similar construction projects, ~~shall be~~ **is** liable
 3 for contributions to that employer's account under this act for the
 4 first 4 years of operations in this state at a rate equal to the
 5 average rate paid by employers engaged in the construction business
 6 as determined by contractor type in the manner provided in table B,
 7 B-1, or B-2.

8 For an employer that was a contributing employer before
 9 January 1, 2012 and did not convert from a reimbursing to a
 10 contributing employer on or after January 1, 2012, the following
 11 tables apply:

12 Table A	
13 Year of Contribution Liability	Contribution Rate
14 1	2.7%
15 2	2.7%
16 3	1/3 (chargeable benefits 17 component) + 1.8%
18 4	2/3 (chargeable benefits 19 component) + 1.0%
20 5 and over	(chargeable benefits component) + 21 (account building component) + 22 (nonchargeable benefits 23 component)

24 Table B	
25 Year of Contribution Liability	Contribution Rate
26 1	average construction contractor 27 rate as determined by the 28 commission unemployment insurance 29 agency

1	2	average construction contractor
2		rate as determined by the
3		commission unemployment insurance
4		agency
5	3	1/3 (chargeable benefits
6		component) + 2/3 average
7		construction contractor rate as
8		determined by the
9		commission unemployment insurance
10		agency
11	4	2/3 (chargeable benefits
12		component) + 1/3 average
13		construction contractor rate as
14		determined by the
15		commission unemployment insurance
16		agency
17	5 and over	(chargeable benefits component) +
18		(account building component) +
19		(nonchargeable benefits
20		component)

21 For an employer that becomes a contributing employer on or
 22 after January 1, 2012 and before January 1, 2013, the following
 23 tables apply:

24 Table A-1	
25 Year of Contribution Liability	25 Contribution Rate
26 1	2.7%
27 2	2.7% + 1/3 (chargeable benefits
28	component)

1	3	2.7% + 2/3 (chargeable benefits
2		component)
3	4 and over	(chargeable benefits component) +
4		(account building component) +
5		(nonchargeable benefits
6		component)

Table B-1

8	Year of Contribution Liability	Contribution Rate
9	1	average construction contractor
10		rate as determined by the
11		commission unemployment insurance
12		agency
13	2	average construction contractor
14		rate as determined by the
15		commission unemployment insurance
16		agency + 1/3 (chargeable benefits
17		component)
18	3	average construction contractor
19		rate as determined by the
20		commission unemployment insurance
21		agency + 2/3 (chargeable benefits
22		component)
23	4 and over	(chargeable benefits component) +
24		(account building component) +
25		(nonchargeable benefits
26		component)

27 For an employer that becomes a contributing employer on or
 28 after January 1, 2013, the following tables apply:

Table A-2

1	Year of Contribution Liability	Contribution Rate
2	1	2.7% + 1/3 (chargeable benefits
3		component)
4	2	2.7% + 2/3 (chargeable benefits
5		component)
6	3 and over	(chargeable benefits component) +
7		(account building component) +
8		(nonchargeable benefits
9		component)

Table B-2

11	Year of Contribution Liability	Contribution Rate
12	1	average construction contractor
13		rate as determined by the
14		commission unemployment insurance
15		agency + 1/3 (chargeable benefits
16		component)
17	2	average construction contractor
18		rate as determined by the
19		commission unemployment insurance
20		agency + 2/3 (chargeable benefits
21		component)
22	3 and over	(chargeable benefits component) +
23		(account building component) +
24		(nonchargeable benefits
25		component)

26 (2) With the exception of employers who are in the first 4
 27 consecutive years of liability, each employer's contribution rate
 28 ~~shall~~ **must** be the sum of the following components, all of which are
 29 determined as of the computation date: a chargeable benefits

1 component determined under subdivision (3), an account building
2 component determined under subdivision (4), and a nonchargeable
3 benefits component determined under subdivision (5).

4 (3) (i) For calendar years beginning before January 1, 2012, the
5 chargeable benefits component of an employer's contribution rate is
6 the percentage determined by dividing: the total amount of benefits
7 charged to the employer's experience account within the lesser of
8 60 consecutive months ending on the computation date or the number
9 of consecutive months ending on the computation date with respect
10 to which the employer has been continuously liable for
11 contributions; by the amount of wages, subject to contributions,
12 paid by the employer within the same period. If the resulting
13 quotient is not an exact multiple of 1/10 of 1%, it ~~shall~~**must** be
14 increased to the next higher multiple of 1/10 of 1%. For the
15 calendar year 2012, the chargeable benefits component of an
16 employer's contribution rate is the percentage determined by
17 dividing: the total amount of benefits charged to the employer's
18 experience account within the lesser of 48 consecutive months
19 ending on the computation date or the number of consecutive months
20 ending on the computation date with respect to which the employer
21 has been continuously liable for contributions; by the amount of
22 wages, subject to contributions, paid by the employer within the
23 same period. If the resulting quotient is not an exact multiple of
24 1/10 of 1%, it ~~shall~~**must** be increased to the next higher multiple
25 of 1/10 of 1%. For each calendar year beginning on or after January
26 1, 2013, the chargeable benefits component of an employer's
27 contribution rate is the percentage determined by dividing: the
28 total amount of benefits charged to the employer's experience
29 account within the lesser of 36 consecutive months ending on the

1 computation date or the number of consecutive months ending on the
2 computation date with respect to which the employer has been
3 continuously liable for contributions; by the amount of wages,
4 subject to contributions, paid by the employer within the same
5 period. If the resulting quotient is not an exact multiple of 1/10
6 of 1%, it ~~shall~~**must** be increased to the next higher multiple of
7 1/10 of 1%.

8 (ii) ~~For benefit years established before October 1, 2000, the~~
9 ~~chargeable benefits component shall not exceed 6.0%, unless there~~
10 ~~is a statutory change in the maximum duration of regular benefit~~
11 ~~payments or the statutory ratio of regular benefit payments to~~
12 ~~credit weeks. In the event of a change in the maximum duration of~~
13 ~~regular benefit payments, the maximum chargeable benefits component~~
14 ~~shall increase by the same percentage as the statutory percentage~~
15 ~~change in the duration of regular benefit payments between~~
16 ~~computation dates. In the event of an increase in the statutory~~
17 ~~ratio of regular benefit payments to credit weeks, as described in~~
18 ~~section 27(d), the maximum chargeable benefits component determined~~
19 ~~as of the computation dates occurring after the effective date of~~
20 ~~the increased ratio shall increase by 1/2 the same percentage as~~
21 ~~the increase in the ratio of regular benefit payments to credit~~
22 ~~weeks. If the resulting increase is not already an exact multiple~~
23 ~~of 1/10 of 1%, it shall be adjusted to the next higher multiple of~~
24 ~~1/10 of 1%. For benefit years established after October 1, 2000,~~
25 ~~the~~**The** chargeable benefits component ~~shall~~**must** not exceed 6.0%,
26 unless there is a statutory change in the maximum duration of
27 regular benefit payments or the percentage factor of base period
28 wages, which defines maximum duration, as provided in section
29 27(d). If there is a statutory change in the maximum duration of

1 regular benefit payments, the maximum chargeable benefits component
 2 ~~shall~~**must** increase by the same percentage as the statutory
 3 percentage change in the duration of regular benefit payments
 4 between computation dates. If there is an increase in the statutory
 5 percentage factor of base period wages, as described in section
 6 27(d), the maximum chargeable benefits component determined as of
 7 the computation dates occurring after the effective date of the
 8 increased ratio ~~shall~~**must** increase by 1/2 the same percentage as
 9 the increase in the percentage factor of base period wages. If the
 10 resulting increase is not already an exact multiple of 1/10 of 1%,
 11 it ~~shall~~**must** be adjusted to the next higher multiple of 1/10 of
 12 1%.

13 (4) The account building component of an employer's
 14 contribution rate is the percentage arrived at by the following
 15 calculations: (i) Multiply the amount of the employer's total
 16 payroll for the 12 months ending on the computation date, by the
 17 cost criterion; (ii) Subtract the amount of the balance in the
 18 employer's experience account as of the computation date from the
 19 product determined under (i); and (iii) if the remainder is zero or a
 20 negative quantity, the account building component of the employer's
 21 contribution rate ~~shall~~**must** be zero; but (iv) if the remainder is a
 22 positive quantity, the account building component of the employer's
 23 contribution rate ~~shall~~**must** be determined by dividing that
 24 remainder by the employer's total payroll paid within the 12 months
 25 ending on the computation date. The account building component
 26 ~~shall~~**must** not exceed the lesser of 1/4 of the percentage
 27 calculated or 2%. However, except as otherwise provided in this
 28 subdivision, the account building component ~~shall~~**must** not exceed
 29 the lesser of 1/2 of the percentage calculated or 3%, if on the

1 June 30 of the preceding calendar year the balance in the
2 unemployment compensation fund was less than 50% of an amount equal
3 to the aggregate of all contributing employers' annual payrolls,
4 for the 12 months ending March 31, times the cost criterion. For
5 calendar years after 1993 and before 1996, the account building
6 component ~~shall~~**must** not exceed the lesser of .69 of the percentage
7 calculated, or 3%, if on the June 30 of the preceding calendar year
8 the balance in the unemployment compensation fund was less than 50%
9 of an amount equal to the aggregate of all contributing employers'
10 annual payrolls, for the 12 months ending March 31, as defined in
11 section 18(f), times the cost criterion; selected for the
12 computation date under section 18(e). If the account building
13 component determined under this subdivision is not an exact
14 multiple of 1/10 of 1%, it ~~shall~~**must** be adjusted to the next
15 higher multiple of 1/10 of 1%.

16 (5) The nonchargeable benefits component of employers'
17 contribution rates is the percentage arrived at by the following
18 calculations: (i) multiply the aggregate amount of all contributing
19 employers' annual payrolls, for the 12 months ending March 31, as
20 defined in section 18(f), by the cost criterion selected for the
21 computation date under section 18(e); (ii) subtract the balance of
22 the unemployment fund on the computation date, net of federal
23 advances, from the product determined under (i); and (iii) if the
24 remainder is zero or a negative quantity, the nonchargeable
25 benefits component of employers' contribution rates ~~shall~~**must** be
26 zero; but (iv) if the remainder is a positive quantity, the
27 nonchargeable benefits component of employers' contribution rates
28 ~~shall~~**must** be determined by dividing that remainder by the total of
29 wages subject to contributions under this act paid by all

1 contributing employers within the 12 months ending on March 31 and
2 adjusting the quotient, if not an exact multiple of 1/10 of 1%, to
3 the next higher multiple of 1/10 of 1%. The maximum nonchargeable
4 benefits component ~~shall~~**must** be 1%. However, for calendar years
5 after 1993, if there are no benefit charges against an employer's
6 account for the 60 months ending as of the computation date, or for
7 calendar years after 1995, if the employer's chargeable benefits
8 component is less than 2/10 of 1%, the maximum nonchargeable
9 benefit component ~~shall~~**must** not exceed 1/2 of 1%. For calendar
10 years after 1995, if there are no benefit charges against an
11 employer's account for the 72 months ending as of the computation
12 date, the maximum nonchargeable benefits component ~~shall~~**must** not
13 exceed 4/10 of 1%. For calendar years after 1996, if there are no
14 benefit charges against an employer's account for the 84 months
15 ending as of the computation date, the maximum nonchargeable
16 benefits component ~~shall~~**must** not exceed 3/10 of 1%. For calendar
17 years after 1997, if there are no benefit charges against an
18 employer's account for the 96 months ending as of the computation
19 date, the maximum nonchargeable benefits component ~~shall~~**must** not
20 exceed 2/10 of 1%. For calendar years after 1998, if there are no
21 benefit charges against an employer's account for the 108 months
22 ending as of the computation date, the maximum nonchargeable
23 benefits component ~~shall~~**must** not exceed 1/10 of 1%. For calendar
24 years after 2002, the maximum nonchargeable benefits component
25 ~~shall~~**must** not exceed 1/10 of 1% if there are no benefit charges
26 against an employer's account for the 60 months ending as of the
27 computation date; 9/100 of 1% if there are no benefit charges
28 against an employer's account for the 72 months ending as of the
29 computation date; 8/100 of 1% if there are no benefit charges

1 against an employer's account for the 84 months ending as of the
2 computation date; 7/100 of 1% if there are no benefit charges
3 against an employer's account for the 96 months ending as of the
4 computation date; or 6/100 of 1% if there are no benefit charges
5 against an employer's account for the 108 months ending as of the
6 computation date. For purposes of determining a nonchargeable
7 benefits component under this subsection, an employer account ~~shall~~
8 **must** not be considered to have had a charge if claim for benefits
9 is denied or determined to be fraudulent pursuant to section 54 or
10 54c. An employer with a positive balance in its experience account
11 on the June 30 computation date preceding the calendar year ~~shall~~
12 **must** receive for that calendar year a credit in an amount equal to
13 1/2 of the extra federal unemployment tax paid in the preceding
14 calendar year under section 3302(c)(2) of the federal unemployment
15 tax act, 26 USC 3302, because of an outstanding balance of unrepaid
16 advances from the federal government to the unemployment
17 compensation fund under section 1201 of title XII of the social
18 security act, 42 USC 1321. However, the credit for any calendar
19 year ~~shall~~**must** not exceed an amount determined by multiplying the
20 employer's nonchargeable benefit component for that calendar year
21 times the employer's taxable payroll for that year. Contributions
22 paid by an employer ~~shall~~**must** be credited to the employer's
23 experience account, in accordance with ~~the provisions of~~ section
24 17(5), without regard to any credit given under this subsection.
25 The amount credited to an employer's experience account ~~shall~~**must**
26 be the amount of the employer's tax before deduction of the credit
27 provided in this subsection.

28 (6) The total of the chargeable benefits and account building
29 components of an employer's contribution rate ~~shall~~**must** not exceed

1 by more than 1% in the 1983 calendar year, 1.5% in the calendar
 2 year 1984, or 2% in the 1985 calendar year the higher of 4% or the
 3 total of the chargeable benefits and the account building
 4 components that applied to the employer during the preceding
 5 calendar year. For calendar years after 1985, the total of the
 6 chargeable benefits and account building components of the
 7 employer's contribution rate ~~shall~~**must** be computed without regard
 8 to the foregoing limitation provided in this subdivision. During a
 9 year in which this subdivision limits an employer's contribution
 10 rate, the resulting reduction ~~shall~~**must** be considered to be
 11 entirely in the experience component of the employer's contribution
 12 rate, as defined in section 18(d).

13 (b) An employer previously liable for contributions under this
 14 act ~~which~~**that** on or after January 1, 1978 filed a petition for
 15 arrangement under the bankruptcy act of July 1, 1898, chapter 541,
 16 30 Stat. 544, or on or after October 1, 1979 filed a petition for
 17 reorganization under title 11 of the United States Code, 11 USC 101
 18 to ~~1330,~~**1532**, pursuant to which a plan of arrangement or
 19 reorganization for rehabilitation purposes has been confirmed by
 20 order of the United States bankruptcy court, ~~shall~~**must** be
 21 considered as a reorganized employer and ~~shall~~**must** have a reserve
 22 fund balance of zero as of the first calendar year immediately
 23 following court confirmation of the plan of arrangement or
 24 reorganization, but not earlier than the calendar year beginning
 25 January 1, 1983, if the employer meets each of the following
 26 requirements:

27 ~~(1) An employer whose plan of arrangement or reorganization~~
 28 ~~has been confirmed as of January 1, 1983 shall, within 60 days~~
 29 ~~after January 1, 1983, notify the commission of its intention to~~

1 ~~elect the status of a reorganized employer.~~ An employer that has
2 not had a plan of arrangement or reorganization confirmed as of
3 January 1, 1983 shall, within 60 days after the entry by the
4 bankruptcy court of the order of confirmation of the plan of
5 arrangement or reorganization, notify the ~~commission~~ **unemployment**
6 **insurance agency** of its intention to elect the status of a
7 reorganized employer. An employer shall not make an election under
8 this subdivision after December 31, 1985.

9 (2) The employer has paid to the ~~commission~~ **unemployment**
10 **insurance agency** all contributions previously owed by the employer
11 pursuant to this act for all calendar years ~~prior to~~ **before** the
12 calendar year as to which the employer elects to begin its status
13 as a reorganized employer.

14 (3) More than 50% of the employer's total payroll is paid for
15 services rendered in this state during the employer's fiscal year
16 immediately preceding the date the employer notifies the fund
17 administrator of its intention to elect the status of a reorganized
18 employer.

19 (4) The employer, ~~within~~ **not more than** 180 days after
20 notifying the ~~commission~~ **unemployment insurance agency** of its
21 intention to elect the status of a reorganized employer, makes a
22 cash payment to the ~~commission~~, **unemployment insurance agency**, for
23 the unemployment compensation fund, equal to: .20 times the first
24 \$2,000,000.00 of the employer's negative balance, .35 times the
25 amount of the employer's negative balance above \$2,000,000.00 and
26 up to \$5,000,000.00, and .50 times the amount of the negative
27 balance above \$5,000,000.00. The total amount determined by the
28 ~~commission shall~~ **unemployment insurance agency must** be based on the
29 employer's negative balance existing as of the end of the calendar

1 month immediately preceding the calendar year in which the employer
 2 will begin its status as a reorganized employer. If the employer
 3 ~~fails to~~ **does not** pay the amount determined, ~~within not more than~~
 4 180 days ~~of~~ **after** electing status as a reorganized employer, the
 5 ~~commission~~ **unemployment insurance agency** shall reinstate the
 6 employer's negative balance previously reduced and redetermine the
 7 employer's rate on the basis of the reinstated negative balance.
 8 The redetermined rate ~~shall~~ **must** then be used to redetermine the
 9 employer's quarterly contributions for that calendar year. The
 10 redetermined contributions ~~shall be~~ **are** subject to the interest
 11 provisions of section 15 as of the date the redetermined quarterly
 12 contributions were originally due.

13 (5) Except as provided in subdivision (6), the employer
 14 contribution rates for a reorganized employer beginning with the
 15 first calendar year of the employer's status as a reorganized
 16 employer ~~shall be~~ **are** as follows:

Year of Contribution Liability	Contribution Rate
1	2.7% of total taxable wages paid
2	2.7%
3	2.7%
4 and over	(chargeable benefits component based upon 3-year experience) plus (account building component based upon 3-year experience) plus (nonchargeable benefits component)

27 (6) To provide against the high risk of net loss to the fund
 28 in such cases, any reorganized employer that employs in
 29 "employment", not necessarily simultaneously but in any 1 week 25

1 or more individuals in the performance of 1 or more contracts or
 2 subcontracts for construction in ~~the~~**this** state of roads, bridges,
 3 highways, sewers, water mains, utilities, public buildings,
 4 factories, housing developments, or similar major construction
 5 projects, ~~shall be~~**is** liable beginning the first calendar year of
 6 the employer's status as a reorganized employer for contribution
 7 rates as follows:

Year of Contribution Liability	Contribution Rate
1	average construction contractor rate as determined by the commission unemployment insurance agency
2	average construction contractor rate as determined by the commission unemployment insurance agency
3	1/3 (chargeable benefits component) + 2/3 average construction contractor rate as determined by the commission unemployment insurance agency
4	2/3 (chargeable benefits component) + 1/3 average construction contractor rate as determined by the commission unemployment insurance agency

1 employer were not determined to be a distressed employer and the
2 difference will be owed to the unemployment compensation fund,
3 payable in accordance with this subsection. Cumulative totals of
4 the difference must be reported to the ~~commission-unemployment~~
5 **insurance agency** with each return required to be filed. The
6 ~~commission-unemployment insurance agency~~ may periodically determine
7 continued eligibility of an employer under this subsection. When
8 the ~~commission-unemployment insurance agency~~ makes a determination
9 that an employer no longer qualifies as a distressed employer, the
10 ~~commission-unemployment insurance agency~~ shall notify the employer
11 of that determination. After notice by the ~~commission-unemployment~~
12 **insurance agency** that the employer no longer qualifies as a
13 distressed employer, the employer will be liable for contributions,
14 beginning with the first quarter occurring after receipt of
15 notification of disqualification, on the basis of the rate that
16 would apply if the employer was not a distressed employer. The
17 contribution rate for a distressed employer ~~shall-must~~ be
18 calculated under the law in effect for the 1982 calendar year
19 except that the rate determined ~~shall-must~~ be reduced by the
20 applicable solvency tax rate assessed against the employer under
21 section 19a. The distressed employer ~~will-shall~~ pay in 10 equal
22 annual installments the amount of the unpaid contributions owed to
23 the unemployment compensation fund due to the application of this
24 subsection, without interest. Each installment ~~shall-must~~ be made
25 with the fourth quarterly return for the respective year. As used
26 in this subsection, "distressed employer" means an employer whose
27 continued presence in this state is considered essential to ~~the~~
28 **this** state's economic well-being and who meets the following
29 criteria:

1 (1) The employer's average annual Michigan payroll in the 5
2 previous years exceeded \$500,000,000.00.

3 (2) The employer's average quarterly number of employees in
4 Michigan in the 5 previous years exceeded 25,000.

5 (3) The employer's business income as defined in section 3 of
6 ~~the single business tax act, former~~ 1975 PA 228, MCL ~~208.3,~~ or
7 section 105 of the Michigan business tax act, 2007 PA 36, MCL
8 208.1105, as applicable, has resulted in an aggregate loss of
9 \$1,000,000,000.00 or more during the 5-year period ending in the
10 second year ~~prior to~~ **before** the year for which the application is
11 being made.

12 (4) The employer has received from this state loans totaling
13 \$50,000,000.00 or more or loan guarantees from the federal
14 government in excess of \$500,000,000.00, either of which are still
15 outstanding.

16 (5) Failure to give an employer designation as a distressed
17 employer would adversely impair the employer's ability to repay the
18 outstanding loans owed to this state or that are guaranteed by the
19 federal government.

20 (d) An employer may at any time make payments to that
21 employer's experience account in the fund in excess of the
22 requirements of this section, but these payments, when accepted by
23 ~~the commission, shall be~~ **unemployment insurance agency, are**
24 irrevocable. A payment made by an employer ~~within~~ **not more than** 30
25 days after mailing to the employer by the ~~commission~~ **unemployment**
26 **insurance agency** of a notice of the adjusted contribution rate of
27 the employer ~~shall~~ **must** be credited to the employer's account as of
28 the computation date for which the adjusted contribution rate was
29 computed, and the employer's contribution rate ~~shall~~ **must** be

1 further adjusted accordingly. However, a payment made more than 120
 2 days after the beginning of a calendar year ~~shall~~**must** not affect
 3 the employer's contribution rate for that year.

4 Sec. 19a. (1) Except for the first 4 consecutive years of
 5 liability, a contributing employer is subject to a solvency tax for
 6 a calendar year after 1982 if the employer's experience account has
 7 a negative balance on the June 30 preceding that calendar year, and
 8 if on the June 30 preceding that calendar year the balance in the
 9 unemployment compensation fund is less than the total amount of
 10 unrepaid interest bearing advances from the federal government to
 11 the fund under section 1201 of the social security act, 42 USC
 12 1321, or the ~~commission~~**unemployment insurance agency** projects that
 13 interest will be due during the calendar year on federal advances
 14 and there will be insufficient solvency tax funds in the contingent
 15 fund to meet the federal interest obligations when due or there are
 16 outstanding advances from the state treasury from the previous year
 17 and any interest thereon and there will be insufficient solvency
 18 tax funds in the contingent fund to repay such advances and
 19 interest. The solvency tax rate is in addition to the employer's
 20 contribution rate and is not subject to the limiting provisions of
 21 section 19(a)(6).

22 (2) The solvency tax rate ~~shall be~~**is** determined as follows:

23 (a) If there is a balance on December 31, 2011, of unrepaid
 24 interest bearing federal advances, the solvency tax rate for the
 25 2012 calendar year and for each calendar year thereafter ~~shall~~**must**
 26 be calculated in the manner provided in this subdivision until the
 27 balance of the interest bearing federal advances on December 31,
 28 2011 has been reduced to zero. By February 1 of the calendar year,
 29 the ~~commission~~**unemployment insurance agency** shall calculate the

1 sum of the estimated interest due during the calendar on federal
2 loans, without regard to any interest deferral that is permitted
3 under section 1202 of the social security act, 42 USC 1322, the
4 remaining balance on December 31 of the preceding year of the
5 December 31, 2011 balance of unrepaid interest bearing federal
6 advances, and any amounts advanced from the state treasury under
7 subsection (3) during the preceding year and any interest on the
8 balance. For purposes of calculating the remaining balance, any
9 loan repayments during the year ~~shall~~**must** first be applied toward
10 reducing the December 31, 2011 loan balance. The amount so
11 calculated ~~shall~~**must** be divided by the estimated total taxable
12 payroll for the calendar year of all active employers who had
13 negative balances in ~~their~~**the employers'** experience accounts as of
14 June 30 of the previous year. Total taxable payroll ~~shall~~**must** be
15 estimated by using the total taxable payroll for those employers
16 for the 12-month period ending June 30 of the previous calendar
17 year and adjusting this figure for any change in the taxable wage
18 limit for the calendar year. The quotient ~~shall~~**must** be adjusted to
19 the next 1/10 of 1%. If this adjusted percentage is 0.8% or less,
20 an employer's solvency tax rate for that calendar year ~~shall~~**must**
21 be the percentage calculated. If the adjusted percentage is more
22 than 0.8%, the employer's solvency tax rate ~~shall~~**must** be
23 calculated in the same manner as the account building component of
24 the employer's contribution rate as determined under section
25 19(a)(4), adjusted to generate sufficient aggregate solvency tax
26 revenues to pay the interest due during the year on federal loans,
27 to pay for the unemployment insurance automation project, to repay
28 the remaining balance of the December 31, 2011 balance of unrepaid
29 federal interest bearing loans, and to repay advances from the

1 state treasury and any interest due thereon, but ~~shall~~**must** not
 2 exceed the lesser of 1/4 of the percentage calculated or 2%.

3 (b) For any calendar year after the first calendar year that
 4 the remaining balance of the December 31, 2011 balance of unrepaid
 5 interest bearing federal advances has been reduced to zero by
 6 December 31 of that year, an employer's solvency tax rate ~~shall~~
 7 **must** be calculated in the same manner as the account building
 8 component of the employer's contribution rate as determined under
 9 section 19(a)(4), but ~~shall~~**must** not exceed the lesser of 1/4 of
 10 the percentage calculated or 2%.

11 (3) Solvency taxes ~~shall~~ become due and payable in the manner,
 12 and at the times, specified for contributions in rules promulgated
 13 by the ~~commission~~**unemployment insurance agency**. However, if ~~the~~
 14 **this** state is permitted to defer interest payments due during a
 15 calendar year under section 1202(b)(3) or (8) of the social
 16 security act, 42 USC 1322, payment of the solvency tax may likewise
 17 be deferred by an employer and paid in installments in a manner
 18 prescribed by the ~~commission~~**unemployment insurance agency**. If a
 19 deferral of interest payment is subsequently disallowed by the
 20 United States ~~department of labor~~**Department of Labor**, either
 21 prospectively or retroactively, amounts of solvency taxes deferred
 22 under this section ~~shall~~ become immediately due and payable.
 23 Further, if the ~~commission~~**unemployment insurance agency** estimates
 24 that the solvency taxes to be collected by September 30 of the
 25 calendar year will be insufficient to meet the interest obligations
 26 due during that calendar year, the percentages of amounts of
 27 solvency taxes deferred in any year ~~shall~~**must** be reduced by the
 28 ~~commission~~**unemployment insurance agency** in an amount sufficient to
 29 meet the interest obligations due in that calendar year.

1 Furthermore, if the amount of solvency taxes to be collected by the
 2 time the federal interest obligations are due in any year are
 3 insufficient to meet the obligations when due, the ~~commission~~
 4 **unemployment insurance agency** shall recommend to the legislature
 5 that it appropriate an amount sufficient to meet the interest
 6 obligations due. Any amount so appropriated and used to pay federal
 7 interest obligations, and interest due on such state appropriation,
 8 if any, ~~shall must~~ be repaid to ~~the this~~ state as soon as possible
 9 from the solvency tax revenues in the contingent fund.

10 (4) Amounts obtained pursuant to this section ~~shall must~~ be
 11 paid into the contingent fund created under section 10 and, except
 12 for solvency taxes transferred to the unemployment compensation
 13 fund as provided in this subsection, ~~shall must~~ not be credited to
 14 the employer's experience account. Amounts collected from solvency
 15 taxes which are transferred to the unemployment compensation fund
 16 and used to repay federal advances to the unemployment compensation
 17 fund ~~shall must~~ be credited to the employers' experience accounts
 18 by June 30 of the year following the calendar year in which the
 19 transfer occurred. The amount to be credited to an employer's
 20 account ~~shall must~~ be determined by the ~~commission, unemployment~~
 21 **insurance agency**, but ~~shall must~~ reasonably reflect each employer's
 22 pro rata share of the amount transferred. Past due payments of the
 23 solvency tax ~~shall be are~~ subject to the interest, penalty,
 24 assessment, and collection provisions of section 15. Interest and
 25 penalties collected ~~shall must~~ be paid into the contingent fund.
 26 Adjustments and refunds of erroneously collected solvency taxes
 27 ~~shall must~~ be made in accordance with section 16. Solvency tax
 28 determinations are appealable under the appeal process provided for
 29 review and appeal of determinations under this act.

1 (5) If any provision of this section prevents ~~the~~**this** state
2 from qualifying for any federal interest relief provisions provided
3 under section 1202 of the social security act, 42 USC 1322, or
4 prevents employers in this state from qualifying for the limitation
5 on the reduction of federal unemployment tax act credits as
6 provided under section 3302(f) of the federal unemployment tax act,
7 26 USC ~~3302(f)~~,**3302**, that provision is invalid to the extent
8 necessary to maintain qualification for the interest relief
9 provisions and federal unemployment tax credits.

10 (6) Notwithstanding any other provision of this section, if
11 interest due during a calendar year on federal advances is forgiven
12 or postponed under federal law and is no longer due during that
13 calendar year, ~~no~~**a** solvency tax ~~shall~~**must not** be assessed against
14 an employer for that calendar year and any solvency tax already
15 assessed and collected against an employer before the forgiveness
16 or postponement of the interest for that calendar year ~~shall~~**must**
17 be credited to the employer's experience account.

18 Enacting section 1. Section 12a of the Michigan employment
19 security act, 1936 (Ex Sess) PA 1, MCL 421.12a, is repealed.

20 Enacting section 2. This amendatory act does not take effect
21 unless Senate Bill No. 40 of the 102nd Legislature is enacted into
22 law.