

# SENATE BILL NO. 976

July 30, 2024, Introduced by Senator CHERRY and referred to the Committee on Labor.

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

1 to agents or contractors of those public officials, including those  
2 described in subparagraph (viii), in a manner that reveals the  
3 individual's or the employing unit's identity or any identifying  
4 particular about an individual or a past or present employing unit  
5 or that could foreseeably be combined with other publicly available  
6 information to reveal identifying particulars. However, all of the  
7 following apply:

8 (i) Information in the unemployment **insurance** agency's  
9 possession that might affect ~~a~~**an individual's** claim for worker's  
10 disability compensation under the worker's disability compensation  
11 act of 1969, 1969 PA 317, MCL 418.101 to 418.941, must be available  
12 to **an** interested parties ~~as defined in R 421.201 of the Michigan~~  
13 ~~Administrative Code,~~ **party that has obtained or is seeking a**  
14 **reduction of the individual's compensation benefits under section**  
15 **358 of the worker's disability compensation act of 1969, 1969 PA**  
16 **317, MCL 418.358,** regardless of whether the unemployment **insurance**  
17 agency is a party to an action or proceeding arising under that  
18 act. **All of the following apply to an interested party that is**  
19 **provided with information under this subparagraph:**

20 (A) The interested party is entitled to receive only an  
21 uncertified printout of the unemployment benefits paid to the  
22 individual from the individual's date of injury to present day.

23 (B) The interested party shall pay reasonable costs, as  
24 determined by the unemployment insurance agency, for processing the  
25 interested party's request for information, copying, and producing  
26 the list of the individual's unemployment benefit payments.

27 (C) The interested party shall protect the confidentiality of  
28 the information it receives from the unemployment insurance agency  
29 and prevent disclosure of that information for any purpose that is

1 **unrelated to the individual's worker's compensation claim.**

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

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

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

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

29 (iii) Except as **otherwise** provided in this act, the information

1 and determinations must not be used in any action or proceeding  
2 before any court or administrative tribunal unless the unemployment  
3 **insurance** agency is a party to or a complainant in the action or  
4 proceeding, or unless used for the prosecution of fraud, civil  
5 proceeding, or other legal proceeding in the programs indicated in  
6 subdivision (2).

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

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

26 (vi) Information obtained in connection with the administration  
27 of this act may be made available to persons or agencies for  
28 purposes appropriate to the operation of a public employment  
29 service or unemployment compensation program. Subject to

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

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

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

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

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

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

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

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

21 (d) "Public official" means that term as defined in 20 CFR  
22 603.2 and includes an eligible educational institution and a  
23 Michigan works agency.

24 (ix) The unemployment **insurance** agency may request the  
25 Comptroller of the Currency of the United States to cause an  
26 examination of the correctness of any return or report of any  
27 national banking association rendered under this act, and may, in  
28 connection with the request, transmit the report or return to the  
29 Comptroller of the Currency of the United States as provided in



1 section 3305(c) of the internal revenue code of 1986, 26 USC  
2 ~~3305(e)~~.3305.

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

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

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

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

21 (xii) Except as otherwise provided in this section, any records  
22 of the methods used by the unemployment insurance agency to  
23 identify and investigate fraudulent claims are exempt from  
24 disclosure under the freedom of information act, 1976 PA 442, MCL  
25 15.231 to 15.246.

26 (2) The unemployment **insurance** agency shall disclose to  
27 qualified requesting agencies, upon request, with respect to an  
28 identified individual, information in its records pertaining to the  
29 individual's name; social security number; gross wages paid during

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

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

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

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

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

3 (v) Any state program under a plan approved under title I, X,  
4 XIV, or XVI of the social security act, 42 USC 301 to 306, 42 USC  
5 1201 to 1206, 42 USC 1351 to 1355, and 42 USC 1381 to ~~1383f~~.**1385**.

6 (vi) Any program administered under the social welfare act,  
7 1939 PA 280, MCL 400.1 to 400.119b.

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

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

29 In addition to the requirements of this section, except as

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

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

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

29 (4) Upon request accompanied by presentation of a consent to

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

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

27 (6) A recipient of confidential information under this act  
28 shall use the disclosed information only for purposes authorized by  
29 law and consistent with an agreement entered into with the

1 unemployment **insurance** agency. The recipient shall not redisclose  
2 the information to any other individual or entity without the  
3 written permission of the unemployment **insurance** agency.

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

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

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

1 to the agencies under the terms of the reciprocal agreements.

2 (e) The unemployment **insurance** agency may make this state's  
3 records relating to the administration of this act available and  
4 may furnish to the Railroad Retirement Board or any other state or  
5 federal agency administering an unemployment compensation law, at  
6 the expense of that board or agency, copies of the records as the  
7 Railroad Retirement Board considers necessary for its purpose.

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

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

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

27 ~~In a case in which~~ **If** under this subsection a claimant is  
28 liable to repay an amount to the agency of another state or a  
29 foreign government, the amount may be collected by civil action in

1 the name of the unemployment **insurance** agency acting as agent for  
2 that agency. Court costs must be paid or guaranteed by the agency  
3 of that state.

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

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



1           The courts of this state shall recognize and enforce  
2 liabilities, as provided in this act, for unemployment compensation  
3 contributions, penalties, and interest imposed by other states that  
4 extend a like comity to this state.

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

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

25           (g) The unemployment **insurance** agency may enter into  
26 reciprocal agreements with the appropriate and authorized agencies  
27 of other states or of the federal government under which  
28 remuneration and services that determine entitlement to benefits  
29 under the unemployment compensation law of another state or of the

1 federal government are considered wages and employment for the  
2 purposes of sections 27 and 46, if the other state or federal  
3 agency has agreed to reimburse the fund for that portion of  
4 benefits paid under this act upon the basis of the remuneration and  
5 services as the unemployment **insurance** agency finds will be fair  
6 and reasonable as to all affected interests. A reciprocal agreement  
7 may provide that wages and employment that determine entitlement to  
8 benefits under this act are considered wages or services on the  
9 basis of which unemployment compensation under the law of another  
10 state or of the federal government is payable; that services  
11 performed by an individual for a single employing unit for which  
12 services are customarily performed by the individual in more than 1  
13 state are considered services performed entirely within any 1 of  
14 the states in which any part of the individual's service is  
15 performed, in which the individual ~~has his or her residence,~~ **is a**  
16 **resident**, or in which the employing unit maintains a place of  
17 business, if there is in effect, as to those services, an election  
18 approved by the agency charged with the administration of ~~the~~ **that**  
19 state's unemployment compensation law, under which all the services  
20 performed by the individual for the employing unit are considered  
21 to be performed entirely within this state; and that the  
22 unemployment **insurance** agency will reimburse other state or federal  
23 agencies charged with the administration of unemployment  
24 compensation laws with the reasonable portion of benefits, paid  
25 under the law of any other state or of the federal government upon  
26 the basis of employment and wages, as the unemployment **insurance**  
27 agency finds will be fair and reasonable as to all affected  
28 interests. Reimbursements payable under this subsection are  
29 considered benefits for the purpose of limiting duration of

1 benefits and for the purposes of sections 20(a) and 26, and the  
2 payments are chargeable to the contributing employer's experience  
3 account for the purposes of sections 17, 18, 19, and 20, or the  
4 reimbursing employer's account under section 13c, 13g, 13i, or 13l,  
5 as applicable. Benefits paid under a combined wage plan must be  
6 allocated and charged to each employer involved in the quarter in  
7 which the paying state requires reimbursement. Benefits charged to  
8 this state must be allocated to each employer of this state who has  
9 employed the claimant during the base period of the paying state in  
10 the same ratio that the wages earned by the claimant during the  
11 base period of the paying state in the employ of the employer bears  
12 to the total amount of wages earned by the claimant in the base  
13 period of the paying state in the employ of all employers of the  
14 state. The unemployment **insurance** agency may make to and receive  
15 from other state or federal agencies reimbursements from or to the  
16 fund, pursuant to arrangements made under this section.

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

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

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

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

29           (i) Applying the base period of a single state law to a claim

1 involving the combining of an individual's wages and employment  
2 covered under 2 or more state unemployment compensation laws.

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

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

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

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

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

1 ~~of this state for the purpose of the Wagner-Peyser act.~~

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

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

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

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

29 (4) **As used in this section, "Wagner-Peyser act" means the act**

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

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

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

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



1 fine provided in section 54 for a late, incomplete, or erroneous  
2 report does not apply. An employer that has more than 25 employees  
3 on January 1, 2013 shall file quarterly reports beginning with the  
4 report for the first quarter of 2013 by an electronic method  
5 approved by the unemployment **insurance** agency. An employer that has  
6 more than 5 but fewer than 26 employees on January 1, 2013 shall  
7 file quarterly reports beginning with the report for the first  
8 quarter of 2014 by an electronic method approved by the  
9 unemployment **insurance** agency. An employer that has 5 or fewer  
10 employees on January 1, 2013 shall file quarterly reports beginning  
11 with the report for the first quarter of 2015 by an electronic  
12 method approved by the unemployment **insurance** agency, except that  
13 the director of the unemployment **insurance** agency, upon application  
14 by the employer, may grant additional time for the employer to  
15 comply with the electronic filing method if the director concludes  
16 that satisfying the requirement of electronic filing will cause  
17 economic hardship for the employer. The employer shall provide, and  
18 the director shall consider, information about the employer's  
19 anticipated cost expenditure for preparing for electronic filing  
20 and about the employer's annual income. An employer that complies  
21 with the reporting requirements of this subsection by filing  
22 electronically a quarterly wage report using a method approved by  
23 the unemployment **insurance** agency is not required to file  
24 periodically to disclose contributions under this act.

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

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

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

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

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

1 organization or group of organizations ~~which is~~ described in  
 2 section 501(c)(3) of the ~~federal~~ internal revenue code **of 1986, 26**  
 3 **USC 501**, and is exempt from income tax under section 501(a) of ~~that~~  
 4 **the internal revenue code of 1986, 26 USC 501.**

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

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

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

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

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

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

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

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

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

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

1 approved by the ~~commission~~ **unemployment insurance agency** to secure  
 2 the payment of its obligations under this act.

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

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

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

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

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

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

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

29 ~~(2) For benefit years established after the conversion date~~

1 ~~prescribed in section 75, the benefits~~ **Benefits** paid on the basis  
 2 of base period wages paid by a nonprofit organization while it was  
 3 a reimbursing employer ~~shall~~ **must** be reimbursed by the nonprofit  
 4 organization ~~pursuant to~~ **in accordance with** section 13c(1) and the  
 5 benefits paid on the basis of base period wages paid by that  
 6 nonprofit organization while it was a contributing employer ~~shall~~  
 7 **must** be charged to the experience account of the nonprofit  
 8 organization ~~pursuant to~~ **in accordance with** section 20. Benefits  
 9 paid to an individual and chargeable to the nonprofit organization  
 10 on the basis that the nonprofit organization was the separating  
 11 employer in the claim ~~shall~~ **must** be charged to the experience  
 12 account of the nonprofit organization if it was a contributing  
 13 employer at the time of the separation, or ~~shall~~ **must** be reimbursed  
 14 by the nonprofit organization if it was a reimbursing employer at  
 15 the time of the separation.

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

29       (2) The ~~commission~~ **unemployment insurance agency** shall



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

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

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

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

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

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

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

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

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

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

9           (d) ~~Becomes~~ **A governmental entity that becomes** a reimbursing  
 10 employer under subdivision (a) or elects to become a reimbursing  
 11 employer in accordance with subdivision (c), ~~shall continue to be~~  
 12 **is** liable for reimbursement payments in lieu of contributions until  
 13 it files with the ~~commission~~ **unemployment insurance agency** a  
 14 written notice terminating its status as a reimbursing employer and  
 15 electing to become a contributing employer. The notice may not be  
 16 filed later than 30 days before the beginning of the calendar year  
 17 when the termination and election is to be effective. After the  
 18 effective date of termination, the governmental entity shall be  
 19 considered a newly liable employer for the purposes of section  
 20 19(a).

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

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

1 ~~pursuant to~~ **under** section 32a.

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

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

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

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

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

29           (6) If a governmental entity other than ~~the~~ **this** state is

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

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

29 Sec. 131. (1) An Indian tribe or tribal unit liable as an

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

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

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

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

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

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

28 (6) Any Indian tribe or tribal unit that makes reimbursement  
 29 payments in lieu of contributions ~~shall be~~**is** required to post a

1 security, subject to all of the following conditions:

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

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

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

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



1 the employer's estimated total annual wages, whichever is greater.

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

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

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

18 (10) As used in this act:

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

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

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

1 complete an electronic employer registration in the manner approved  
 2 by the **unemployment insurance** agency to register its employer  
 3 liability.

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

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

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

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

1 ~~beginning January 1, 2014,~~ for 12 or more calendar quarters, the  
 2 client employer's unemployment tax rate will be the new employer  
 3 tax rate.

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

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

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

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

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

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

1 the business address of the client employer, which ~~shall be~~ **is** the  
2 physical address of the client employer, to the agency.

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

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

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

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

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

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

1 determination.

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

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

1 negligence, intentional disregard of the rules of the unemployment  
2 **insurance** agency, or fraud. All of the following apply to interest  
3 on unpaid restitution of benefit overpayments:

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

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

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

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

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



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

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

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

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

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

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

27 (e) Except for liens and encumbrances recorded before the  
28 filing of the notice provided for in this section, all  
29 contributions, interest, and penalties payable under this act to

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

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

1 the distribution of estates of decedents, claims for funeral  
2 expenses and expenses of last sickness are also entitled to  
3 priority.

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

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

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

1 has against the transferor.

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

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

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

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



1 under ~~other provisions of~~ this act. The unemployment **insurance**  
2 agency may exercise any of the collection remedies under this act  
3 even though an application for a redetermination or an appeal is  
4 pending final disposition.

5 (l) A person recording a lien or a discharge of a lien under  
6 this section shall pay to the register of deeds a recording fee  
7 that is equivalent to the fee for entering and recording a mortgage  
8 as authorized under section 2567 of the revised judicature act of  
9 1961, 1961 PA 236, MCL 600.2567.

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

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

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

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

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

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

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

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

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

1 (o) Before payment of a prize of \$1,000.00 or more under the  
2 McCauley-Traxler-Law-Bowman-McNeeley lottery act, 1972 PA 239, MCL  
3 432.1 to 432.47, the bureau of state lottery shall determine  
4 whether a lottery prize winner has a current liability for  
5 restitution of unemployment benefits, penalty, or interest,  
6 assessed by the unemployment **insurance** agency and the amount of the  
7 prize owing to the unemployment **insurance** agency and shall remit  
8 that amount to the unemployment **insurance** agency.

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

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

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

1 amounts or more each quarter by the date established for each  
2 quarterly filing:

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

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

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

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

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

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

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

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

29       (2) The nonchargeable benefits account ~~shall~~**must** be credited

1 with the following:

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

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

9 (c) The proceeds of the nonchargeable benefits component of  
10 employers' contribution rates determined as provided in section  
11 19(a) (5).

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

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

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

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

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

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

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

1 (k) Amounts transferred from the contingent fund under section  
2 10.

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

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

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

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

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

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

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

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

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

1 credited to this account.

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

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

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

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

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

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

25 However, the contributions paid during any July ~~shall~~**must** be  
26 credited as of the immediately preceding June 30. Additional  
27 contributions paid by an employer as the result of a retroactive  
28 contribution rate adjustment, solely for the purpose of this  
29 subsection, must be credited to the employer's experience account



1 as if paid when due, if the payment is received ~~within~~**not more**  
2 **than** 30 days after the issuance of the initial assessment that  
3 results from the contribution rate adjustment and a written request  
4 for the application is filed by the employer during this period.

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

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

28 (7) If a balance is transferred to an employer's new account  
29 under subsection (5) or (6), the employer is not considered a

1 "qualified employer" until the employer has again been subject to  
2 this act for the period set forth in section 19(a)(1).

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

1 have been used for the payment of benefits.

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

8 Sec. 18. As used in this act:

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

10 (b) "Balance" means:

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

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

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

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

28 (iii) Amounts that may have been appropriated by the legislature  
 29 in accordance with section 903(c)(2) of the social security act, 42

1 ~~U.S.C. USC 1103(e)(2)~~.1103.

2 (iv) All disbursements from the fund.

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

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

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

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

1 unemployment compensation fund. The penalty ~~shall~~**must** be credited  
 2 to the interest and penalty account of the contingent fund. A  
 3 contribution rate for a tax year may not be redetermined under this  
 4 subsection if the missing reports for that year are received more  
 5 than 3 years after the rate determination for the year is issued  
 6 with respect to taxable years beginning on or after January 1,  
 7 1991.

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

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

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

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

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

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

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

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

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

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

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

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

---

 Table A
 

---

Year of Contribution Liability

 Contribution Rate
 

---

1

2.7%

2

2.7%

3

1/3 (chargeable benefits  
component) + 1.8%

4

2/3 (chargeable benefits  
component) + 1.0%

5 and over

(chargeable benefits component) +  
(account building component) +  
(nonchargeable benefits  
component)

---

 Table B
 

---

Year of Contribution Liability

 Contribution Rate
 

---



1	1	average construction contractor
2		rate as determined by the
3		<del>commission</del> <b>unemployment insurance</b>
4		<b>agency</b>
5	2	average construction contractor
6		rate as determined by the
7		<del>commission</del> <b>unemployment insurance</b>
8		<b>agency</b>
9	3	1/3 (chargeable benefits
10		component) + 2/3 average
11		construction contractor rate as
12		determined by the
13		<del>commission</del> <b>unemployment insurance</b>
14		<b>agency</b>
15	4	2/3 (chargeable benefits
16		component) + 1/3 average
17		construction contractor rate as
18		determined by the
19		<del>commission</del> <b>unemployment insurance</b>
20		<b>agency</b>
21	5 and over	(chargeable benefits component) +
22		(account building component) +
23		(nonchargeable benefits
24		component)

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

Table A-1	
Year of Contribution Liability	Contribution Rate

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

---

Table B-1

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

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

3 Table A-2

4 Year of Contribution Liability	Contribution Rate
5 1	2.7% + 1/3 (chargeable benefits 6 component)
7 2	2.7% + 2/3 (chargeable benefits 8 component)
9 3 and over	(chargeable benefits component) + 10 (account building component) + 11 (nonchargeable benefits 12 component)

13 Table B-2

14 Year of Contribution Liability	Contribution Rate
15 1	average construction contractor 16 rate as determined by the 17 <del>commission</del> <b>unemployment insurance</b> 18 <b>agency</b> + 1/3 (chargeable benefits 19 component)
20 2	average construction contractor 21 rate as determined by the 22 <del>commission</del> <b>unemployment insurance</b> 23 <b>agency</b> + 2/3 (chargeable benefits 24 component)
25 3 and over	(chargeable benefits component) + 26 (account building component) + 27 (nonchargeable benefits 28 component)

29 (2) With the exception of employers who are in the first 4

1 consecutive years of liability, each employer's contribution rate  
2 ~~shall~~**must** be the sum of the following components, all of which are  
3 determined as of the computation date: a chargeable benefits  
4 component determined under subdivision (3), an account building  
5 component determined under subdivision (4), and a nonchargeable  
6 benefits component determined under subdivision (5).

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

1 contribution rate is the percentage determined by dividing: the  
2 total amount of benefits charged to the employer's experience  
3 account within the lesser of 36 consecutive months ending on the  
4 computation date or the number of consecutive months ending on the  
5 computation date with respect to which the employer has been  
6 continuously liable for contributions; by the amount of wages,  
7 subject to contributions, paid by the employer within the same  
8 period. If the resulting quotient is not an exact multiple of 1/10  
9 of 1%, it ~~shall~~**must** be increased to the next higher multiple of  
10 1/10 of 1%.

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

1 regular benefit payments or the percentage factor of base period  
 2 wages, which defines maximum duration, as provided in section  
 3 27(d). If there is a statutory change in the maximum duration of  
 4 regular benefit payments, the maximum chargeable benefits component  
 5 ~~shall~~**must** increase by the same percentage as the statutory  
 6 percentage change in the duration of regular benefit payments  
 7 between computation dates. If there is an increase in the statutory  
 8 percentage factor of base period wages, as described in section  
 9 27(d), the maximum chargeable benefits component determined as of  
 10 the computation dates occurring after the effective date of the  
 11 increased ratio ~~shall~~**must** increase by 1/2 the same percentage as  
 12 the increase in the percentage factor of base period wages. If the  
 13 resulting increase is not already an exact multiple of 1/10 of 1%,  
 14 it ~~shall~~**must** be adjusted to the next higher multiple of 1/10 of  
 15 1%.

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

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

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

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



1 computation date; 9/100 of 1% if there are no benefit charges  
2 against an employer's account for the 72 months ending as of the  
3 computation date; 8/100 of 1% if there are no benefit charges  
4 against an employer's account for the 84 months ending as of the  
5 computation date; 7/100 of 1% if there are no benefit charges  
6 against an employer's account for the 96 months ending as of the  
7 computation date; or 6/100 of 1% if there are no benefit charges  
8 against an employer's account for the 108 months ending as of the  
9 computation date. For purposes of determining a nonchargeable  
10 benefits component under this subsection, an employer account ~~shall~~  
11 **must** not be considered to have had a charge if claim for benefits  
12 is denied or determined to be fraudulent pursuant to section 54 or  
13 54c. An employer with a positive balance in its experience account  
14 on the June 30 computation date preceding the calendar year ~~shall~~  
15 **must** receive for that calendar year a credit in an amount equal to  
16 1/2 of the extra federal unemployment tax paid in the preceding  
17 calendar year under section 3302(c) (2) of the federal unemployment  
18 tax act, 26 USC 3302, because of an outstanding balance of unrepaid  
19 advances from the federal government to the unemployment  
20 compensation fund under section 1201 of title XII of the social  
21 security act, 42 USC 1321. However, the credit for any calendar  
22 year ~~shall~~**must** not exceed an amount determined by multiplying the  
23 employer's nonchargeable benefit component for that calendar year  
24 times the employer's taxable payroll for that year. Contributions  
25 paid by an employer ~~shall~~**must** be credited to the employer's  
26 experience account, in accordance with ~~the provisions of~~ section  
27 17(5), without regard to any credit given under this subsection.  
28 The amount credited to an employer's experience account ~~shall~~**must**  
29 be the amount of the employer's tax before deduction of the credit

1 provided in this subsection.

2 (6) The total of the chargeable benefits and account building  
3 components of an employer's contribution rate ~~shall~~**must** not exceed  
4 by more than 1% in the 1983 calendar year, 1.5% in the calendar  
5 year 1984, or 2% in the 1985 calendar year the higher of 4% or the  
6 total of the chargeable benefits and the account building  
7 components that applied to the employer during the preceding  
8 calendar year. For calendar years after 1985, the total of the  
9 chargeable benefits and account building components of the  
10 employer's contribution rate ~~shall~~**must** be computed without regard  
11 to the foregoing limitation provided in this subdivision. During a  
12 year in which this subdivision limits an employer's contribution  
13 rate, the resulting reduction ~~shall~~**must** be considered to be  
14 entirely in the experience component of the employer's contribution  
15 rate, as defined in section 18(d).

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

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

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

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

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

1 balance above \$5,000,000.00. The total amount determined by the  
 2 ~~commission shall~~ **unemployment insurance agency must** be based on the  
 3 employer's negative balance existing as of the end of the calendar  
 4 month immediately preceding the calendar year in which the employer  
 5 will begin its status as a reorganized employer. If the employer  
 6 ~~fails to~~ **does not** pay the amount determined, ~~within~~ **not more than**  
 7 180 days ~~of~~ **after** electing status as a reorganized employer, the  
 8 ~~commission~~ **unemployment insurance agency** shall reinstate the  
 9 employer's negative balance previously reduced and redetermine the  
 10 employer's rate on the basis of the reinstated negative balance.  
 11 The redetermined rate ~~shall~~ **must** then be used to redetermine the  
 12 employer's quarterly contributions for that calendar year. The  
 13 redetermined contributions ~~shall be~~ **are** subject to the interest  
 14 provisions of section 15 as of the date the redetermined quarterly  
 15 contributions were originally due.

16 (5) Except as provided in subdivision (6), the employer  
 17 contribution rates for a reorganized employer beginning with the  
 18 first calendar year of the employer's status as a reorganized  
 19 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)

1           (6) To provide against the high risk of net loss to the fund  
 2 in such cases, any reorganized employer that employs in  
 3 "employment", not necessarily simultaneously but in any 1 week 25  
 4 or more individuals in the performance of 1 or more contracts or  
 5 subcontracts for construction in ~~the~~**this** state of roads, bridges,  
 6 highways, sewers, water mains, utilities, public buildings,  
 7 factories, housing developments, or similar major construction  
 8 projects, ~~shall be~~**is** liable beginning the first calendar year of  
 9 the employer's status as a reorganized employer for contribution  
 10 rates as follows:

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



1 determination of distressed employer status is made during the  
 2 calendar year, the employer ~~shall be~~**is** entitled to a credit on  
 3 future quarterly installments for any excess contributions paid  
 4 during that initial calendar year. The employer shall notify the  
 5 ~~commission-unemployment insurance agency~~ of the difference between  
 6 the amount paid and the amount that would have been paid if the  
 7 employer were not determined to be a distressed employer and the  
 8 difference will be owed to the unemployment compensation fund,  
 9 payable in accordance with this subsection. Cumulative totals of  
 10 the difference must be reported to the ~~commission-unemployment~~  
 11 **insurance agency** with each return required to be filed. The  
 12 ~~commission-unemployment insurance agency~~ may periodically determine  
 13 continued eligibility of an employer under this subsection. When  
 14 the ~~commission-unemployment insurance agency~~ makes a determination  
 15 that an employer no longer qualifies as a distressed employer, the  
 16 ~~commission-unemployment insurance agency~~ shall notify the employer  
 17 of that determination. After notice by the ~~commission-unemployment~~  
 18 **insurance agency** that the employer no longer qualifies as a  
 19 distressed employer, the employer will be liable for contributions,  
 20 beginning with the first quarter occurring after receipt of  
 21 notification of disqualification, on the basis of the rate that  
 22 would apply if the employer was not a distressed employer. The  
 23 contribution rate for a distressed employer ~~shall~~**must** be  
 24 calculated under the law in effect for the 1982 calendar year  
 25 except that the rate determined ~~shall~~**must** be reduced by the  
 26 applicable solvency tax rate assessed against the employer under  
 27 section 19a. The distressed employer ~~will~~**shall** pay in 10 equal  
 28 annual installments the amount of the unpaid contributions owed to  
 29 the unemployment compensation fund due to the application of this

1 subsection, without interest. Each installment ~~shall~~**must** be made  
 2 with the fourth quarterly return for the respective year. As used  
 3 in this subsection, "distressed employer" means an employer whose  
 4 continued presence in this state is considered essential to ~~the~~  
 5 **this** state's economic well-being and who meets the following  
 6 criteria:

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

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

11 (3) The employer's business income as defined in section 3 of  
 12 ~~the single business tax act, former~~ 1975 PA 228, ~~MCL 208.3,~~ or  
 13 section 105 of the Michigan business tax act, 2007 PA 36, MCL  
 14 208.1105, as applicable, has resulted in an aggregate loss of  
 15 \$1,000,000,000.00 or more during the 5-year period ending in the  
 16 second year ~~prior to~~**before** the year for which the application is  
 17 being made.

18 (4) The employer has received from this state loans totaling  
 19 \$50,000,000.00 or more or loan guarantees from the federal  
 20 government in excess of \$500,000,000.00, either of which are still  
 21 outstanding.

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

26 (d) An employer may at any time make payments to that  
 27 employer's experience account in the fund in excess of the  
 28 requirements of this section, but these payments, when accepted by  
 29 the ~~commission,~~ **shall be unemployment insurance agency, are**



1 irrevocable. A payment made by an employer ~~within~~**not more than** 30  
 2 days after mailing to the employer by the ~~commission~~**unemployment**  
 3 **insurance agency** of a notice of the adjusted contribution rate of  
 4 the employer ~~shall~~**must** be credited to the employer's account as of  
 5 the computation date for which the adjusted contribution rate was  
 6 computed, and the employer's contribution rate ~~shall~~**must** be  
 7 further adjusted accordingly. However, a payment made more than 120  
 8 days after the beginning of a calendar year ~~shall~~**must** not affect  
 9 the employer's contribution rate for that year.

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

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

29       (a) If there is a balance on December 31, 2011, of unrepaid

1 interest bearing federal advances, the solvency tax rate for the  
2 2012 calendar year and for each calendar year thereafter ~~shall~~**must**  
3 be calculated in the manner provided in this subdivision until the  
4 balance of the interest bearing federal advances on December 31,  
5 2011 has been reduced to zero. By February 1 of the calendar year,  
6 the ~~commission~~**unemployment insurance agency** shall calculate the  
7 sum of the estimated interest due during the calendar on federal  
8 loans, without regard to any interest deferral that is permitted  
9 under section 1202 of the social security act, 42 USC 1322, the  
10 remaining balance on December 31 of the preceding year of the  
11 December 31, 2011 balance of unrepaid interest bearing federal  
12 advances, and any amounts advanced from the state treasury under  
13 subsection (3) during the preceding year and any interest on the  
14 balance. For purposes of calculating the remaining balance, any  
15 loan repayments during the year ~~shall~~**must** first be applied toward  
16 reducing the December 31, 2011 loan balance. The amount so  
17 calculated ~~shall~~**must** be divided by the estimated total taxable  
18 payroll for the calendar year of all active employers who had  
19 negative balances in ~~their~~**the employers'** experience accounts as of  
20 June 30 of the previous year. Total taxable payroll ~~shall~~**must** be  
21 estimated by using the total taxable payroll for those employers  
22 for the 12-month period ending June 30 of the previous calendar  
23 year and adjusting this figure for any change in the taxable wage  
24 limit for the calendar year. The quotient ~~shall~~**must** be adjusted to  
25 the next 1/10 of 1%. If this adjusted percentage is 0.8% or less,  
26 an employer's solvency tax rate for that calendar year ~~shall~~**must**  
27 be the percentage calculated. If the adjusted percentage is more  
28 than 0.8%, the employer's solvency tax rate ~~shall~~**must** be  
29 calculated in the same manner as the account building component of

1 the employer's contribution rate as determined under section  
 2 19(a)(4), adjusted to generate sufficient aggregate solvency tax  
 3 revenues to pay the interest due during the year on federal loans,  
 4 to pay for the unemployment insurance automation project, to repay  
 5 the remaining balance of the December 31, 2011 balance of unrepaid  
 6 federal interest bearing loans, and to repay advances from the  
 7 state treasury and any interest due thereon, but ~~shall~~**must** not  
 8 exceed the lesser of 1/4 of the percentage calculated or 2%.

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

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

1 that the solvency taxes to be collected by September 30 of the  
 2 calendar year will be insufficient to meet the interest obligations  
 3 due during that calendar year, the percentages of amounts of  
 4 solvency taxes deferred in any year ~~shall~~**must** be reduced by the  
 5 ~~commission~~**unemployment insurance agency** in an amount sufficient to  
 6 meet the interest obligations due in that calendar year.

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

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

1 assessment, and collection provisions of section 15. Interest and  
2 penalties collected ~~shall~~**must** be paid into the contingent fund.  
3 Adjustments and refunds of erroneously collected solvency taxes  
4 ~~shall~~**must** be made in accordance with section 16. Solvency tax  
5 determinations are appealable under the appeal process provided for  
6 review and appeal of determinations under this act.

7 (5) If any provision of this section prevents ~~the~~**this** state  
8 from qualifying for any federal interest relief provisions provided  
9 under section 1202 of the social security act, 42 USC 1322, or  
10 prevents employers in this state from qualifying for the limitation  
11 on the reduction of federal unemployment tax act credits as  
12 provided under section 3302(f) of the federal unemployment tax act,  
13 26 USC ~~3302(f)~~, **3302**, that provision is invalid to the extent  
14 necessary to maintain qualification for the interest relief  
15 provisions and federal unemployment tax credits.

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

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