

MICHIGAN EMPLOYMENT SECURITY ACT (EXCERPT)
Act 1 of 1936 (Ex. Sess.)

421.26a Issuance of notes, bonds, financial instruments, or other evidences of indebtedness; use of proceeds; payment of unemployment obligation assessment; rate; collection; additional special subaccounts; agreements; definitions.

Sec. 26a.

(1) The director of the department of licensing and regulatory affairs may request the Michigan finance authority to issue notes, bonds, financial instruments, or other evidences of indebtedness, the proceeds of which may be used for any of the following purposes:

(a) To finance, refinance, refund, or advance refund any payment required or obligation arising under this section or under 42 USC 1321 and 1322.

(b) To repay amounts owed or to be owed to the United States treasury resulting from advances made to this state by the federal government under federal law, including 42 USC 1321, together with interest on those advances.

(c) To reimburse funds advanced or loaned under either of the following circumstances:

(i) By this state to the unemployment trust fund and used to make any payment required or obligation described in this section or 42 USC 1321.

(ii) By the unemployment trust fund to the obligation trust fund and used to pay obligations of the Michigan finance authority.

(d) To fund unemployment compensation benefits and this state's account within the federal government unemployment trust fund, including balances in that account.

(e) To fund capitalized interest; debt service reserve funds; and payment of costs of, and administrative expenses in connection with, issuing obligations.

(2) In 2011 and in each year thereafter in which any obligation is outstanding, an employer is subject to, shall be assessed, and shall pay an unemployment obligation assessment, which shall be collected quarterly and shall be deposited to the credit of the obligation trust fund. The obligation assessment is in addition to the employer's required contributions, is not subject to the limiting provisions for contributions required under this act, and is in addition to and separate from the solvency tax imposed under section 19a.

(3) The unemployment obligation assessment rate shall be determined by the state treasurer after consultation with the director of the department of licensing and regulatory affairs and shall be an amount sufficient to ensure timely payment of all of the following:

(a) Principal, interest, and any redemption premium on the obligations.

(b) Administrative expenses, credit enhancement and termination fees, and other fees, if any, in connection with issuing the obligations.

(c) All other amounts required to be maintained and paid under the terms of a resolution, indenture, or authorizing statute under which the obligation is issued.

(d) Amounts necessary to maintain the ratings on the obligations that are assigned by a nationally recognized rating service at a level determined by the state treasurer, in his or her sole discretion.

(4) The obligation assessment rate may take into account the employer's experience rating from the previous year. Notwithstanding the exclusion from employment under section 43(a)(ii) of services performed for the employer, wages paid for performing those services shall be used to calculate the employer's obligation assessment rate and obligation assessment under this section. The obligation assessment rate shall be applied against the taxable wage limit described in section 44, and shall be assessed against all contributing employers.

(5) The obligation assessment is due at the same time, collected in the same manner, and subject to the same penalties and interest as contributions assessed under this act.

(6) The proceeds of obligation assessments received each year are irrevocably pledged and dedicated to the payment of obligations and administrative expenses on those expenses and are subject to the pledge and lien made to the extent and as described in the resolution, indenture, or the authorizing statute under which the obligation is issued.

(7) The director of the department of licensing and regulatory affairs shall administer and cause the obligation assessments to be collected.

(8) The director of the department of licensing and regulatory affairs may request the state treasurer to establish additional special subaccounts within the obligation trust fund for the purpose of identifying more precisely the sources of payments into and disbursements from the obligation trust fund, or as may be required under the resolution or indenture authorizing the obligations.

(9) The director of the department of licensing and regulatory affairs or his or her designee may enter into agreements with the issuer of the obligations or a third party as is necessary to issue the obligations. Nothing in this

act or any provision of any document authorized under this section creates or constitutes state indebtedness.

(10) As used in this section and section 10a:

(a) "Michigan finance authority" means the authority created under Executive Order No. 2010-2, MCL 12.194.

(b) "Obligation" means a note, bond, financial instrument or other evidence of indebtedness issued as provided in this section.

(c) "Unemployment obligation assessment" means an assessment on an employer under this section.

(d) "Obligation trust fund" means the fund created in section 10a.

History: Add. 2011, Act 268, Imd. Eff. Dec. 19, 2011 ;-- Am. 2014, Act 241, Eff. Aug. 26, 2014

Compiler's Notes: Former MCL 421.26a, which provided for assistant treasurer, specified his powers, and authorized borrowing of federal funds, was repealed by Act 251 of 1951, Imd. Eff. June 17, 1951. For the transfer of powers and duties of the director of the department of licensing and regulatory affairs to the director of the department of labor and economic opportunity, see E.R.O. No. 2019-3, compiled at MCL 125.1998.