

HOUSE BILL No. 5695

February 16, 2006, Introduced by Rep. Gonzales and referred to the Committee on Employment Relations, Training, and Safety.

A bill to amend 1936 (Ex Sess) PA 1, entitled "Michigan employment security act," by amending section 17 (MCL 421.17), as amended by 2003 PA 174.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 17. (1) The bureau shall maintain in the unemployment
2 compensation fund a nonchargeable benefits account and a separate
3 experience account for each employer as provided in this section.
4 This act does not give an employer or ~~individuals~~ **AN INDIVIDUAL**
5 in the employer's service prior claims or rights to the amount paid
6 by the employer to the unemployment compensation fund. All
7 contributions to that fund shall be pooled and available to pay
8 benefits to any individual entitled to the benefits under this act,
9 irrespective of the source of the contributions.

1 (2) The nonchargeable benefits account shall be credited with
2 the following:

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

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

10 (c) The proceeds of the nonchargeable benefits component of
11 employers' contribution rates determined as provided in section
12 19(a)(5).

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

14 (e) All amounts ~~which may be~~ **THAT ARE** paid or advanced by
15 the federal government under section 903 or section 1201 of the
16 social security act, 42 ~~U.S.C.~~ **USC** 1103 and 1321, to the account
17 of ~~the~~ **THIS** state in the federal unemployment trust fund.

18 (f) All benefits improperly paid to claimants ~~which~~ **THAT**
19 have been recovered and ~~which~~ **THAT** were previously charged to an
20 employer's account.

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

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

27 (i) Any other unemployment fund income not creditable to the

1 experience account of any employer.

2 (j) Any negative balance transferred to an employer's new
3 experience account ~~pursuant to~~ **UNDER** this section.

4 (k) Amounts transferred from the contingent fund ~~pursuant to~~
5 **UNDER** section 10.

6 (3) The nonchargeable benefits account shall be charged with
7 the following:

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

12 (b) Refunds of amounts erroneously collected due to the
13 nonchargeable benefits component of an employer's contribution
14 rate.

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

18 (d) Any positive balance credited or transferred to an
19 employer's new experience account ~~pursuant to~~ **UNDER** this
20 subsection.

21 (e) Repayments to the federal government of amounts advanced
22 by it under section 1201 of the social security act, 42 ~~U.S.C.~~
23 **USC** 1321, to the unemployment compensation fund established by this
24 act.

25 (f) The amounts received by the unemployment compensation fund
26 under section 903 of the social security act, 42 ~~U.S.C.~~ **USC** 1103,
27 that may be appropriated to the bureau in accordance with

1 subsection (8).

2 (g) All benefits determined to have been improperly paid to
3 claimants which have been credited to employers' accounts in
4 accordance with section 20(a).

5 (h) The amount of any substitute check issued to replace an
6 uncashed benefit check, employer refund check, or claimant
7 restitution refund check previously credited to this account.

8 (i) The amount of any benefit check issued which would be
9 chargeable to the experience account of an employer who has ceased
10 to be subject to this act, and who has had a balance transferred
11 from the employer's experience account to the solvency or
12 nonchargeable benefits account.

13 (j) All benefits which become nonchargeable to an employer
14 under section 29(3) or section 19(b) or (c).

15 (k) For benefit years beginning before ~~the conversion date~~
16 ~~prescribed in section 75~~ **OCTOBER 1, 2000**, with benefits allocated
17 under section 20(e)(2) for a week of unemployment in which a
18 claimant earns remuneration with a contributing employer which
19 equals or exceeds the amount of benefits allocated to that
20 contributing employer, and for benefit years beginning **ON OR** after
21 ~~the conversion date prescribed in section 75~~ **OCTOBER 1, 2000**, with
22 benefits allocated under section ~~20(e)(3)~~ **20(F)** for a week of
23 unemployment in which a claimant earns remuneration with a
24 contributing employer which equals or exceeds the amount of
25 benefits allocated to that contributing employer.

26 (l) Benefits that are nonchargeable to an employer's account in
27 accordance with section 20(i) **OR 29(1)(A)(ii)**.

1 (m) The share of extended benefits otherwise charged to the
2 account of a contributing employer, but only during a period when
3 extended benefits are paid based on the average rate of total
4 unemployment in accordance with section 64(5)(c)(ii).

5 (4) All contributions paid by an employer shall be credited to
6 the unemployment compensation fund, and, except as otherwise
7 provided with respect to the proceeds of the nonchargeable benefits
8 component of employers' contribution rates by section 19(a)(5), to
9 the employer's experience account, as of the date when paid.
10 However, those contributions paid during any July shall be credited
11 as of the immediately preceding June 30. Additional contributions
12 paid by an employer as the result of a retroactive contribution
13 rate adjustment, solely for the purpose of this subsection, shall
14 be credited to the employer's experience account as if paid when
15 due, if the payment is received within 30 days after the issuance
16 of the initial assessment which results from the contribution rate
17 adjustment and a written request for the application is filed by
18 the employer during this period.

19 (5) If an employer who has ceased to be subject to this act,
20 and who has had a positive balance transferred as provided in
21 subsection (2) from the employer's experience account to the
22 solvency or nonchargeable benefits account as of the second
23 computation date after the employer has ceased to be subject to
24 this act, becomes subject to this act again within 6 years after
25 that computation date, the employer may apply, within 60 days after
26 the bureau's determination that the employer is again subject to
27 this act, to the bureau to have the positive balance, adjusted by

1 the debits and credits as have been made subsequent to the date of
2 transfer, credited to the employer's new experience account. If the
3 application is timely, the bureau shall credit the positive balance
4 to the employer's new experience account.

5 (6) If an employer's status as a reimbursing employer is
6 terminated within 6 years after the date the employer's experience
7 account as a prior contributing employer was transferred to the
8 solvency or nonchargeable benefits account as provided in
9 subsection (2) or (3) and the employer continues to be subject to
10 this act as a contributing employer, any positive or negative
11 balance in the employer's experience account as a prior
12 contributing employer, which was transferred to the solvency or
13 nonchargeable benefits account, shall be transferred to the
14 employer's new experience account. However, an employer who is
15 delinquent with respect to any reimbursement payments in lieu of
16 contributions for which the employer may be liable shall not have a
17 positive balance transferred during the delinquency.

18 (7) If a balance is transferred to an employer's new account
19 under subsection (5) or (6), the employer shall not be considered a
20 "qualified employer" until the employer has again been subject to
21 this act for the period set forth in section 19(a)(1).

22 (8) All money credited under section 903 of the social
23 security act, 42 ~~U.S.C.~~ **USC** 1103, to the account of ~~the~~ **THIS**
24 state in the federal unemployment trust fund shall immediately be
25 credited by the bureau to the fund's nonchargeable benefits
26 account. There is authorized to be appropriated to the bureau from
27 the money credited to the nonchargeable benefits account under this

1 subsection, an amount determined to be necessary for the proper and
2 efficient administration by the bureau of this act for purposes for
3 which federal grants under ~~Title 3~~ **TITLE III** of the social
4 security act, 42 ~~U.S.C.~~ **USC** 501 to 504, and the Wagner-Peyser
5 national employment system act, 29 ~~U.S.C.~~ **USC** 49 to 49k, are not
6 available or are insufficient. The appropriation shall expire not
7 more than 2 years after the date of enactment and shall provide
8 that any unexpended balance shall then be credited to the
9 nonchargeable benefits account. An appropriation shall not be made
10 under this subsection for an amount which exceeds the "adjusted
11 balance" of the nonchargeable benefits account on the most recent
12 computation date. Appropriations made under this subsection shall
13 limit the total amount which may be obligated by the bureau during
14 a fiscal year to an amount which does not exceed the amount by
15 which the aggregate of the amounts credited to the nonchargeable
16 benefits account under this subsection during the fiscal year and
17 the 24 preceding fiscal years, exceeds the aggregate of the amounts
18 obligated by the bureau pursuant to appropriation under this
19 subsection and charged against the amounts thus credited to the
20 nonchargeable benefits account during any of the 25 fiscal years
21 and any amounts credited to the nonchargeable benefits account
22 ~~which~~ **THAT** have been used for the payment of benefits.

23 Enacting section 1. This amendatory act does not take effect
24 unless Senate Bill No.____ or House Bill No. 5693(request no.
25 H00545'05*) of the 93rd Legislature is enacted into law.