



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4745 (as reported without amendment)
Sponsor: Representative Alvin Kukuk
House Committee: Human Resources and Labor
Senate Committee: Human Resources, Labor, and Veterans Affairs

CONTENT

The bill would amend the Michigan Employment Security Act to revise the schedule for reducing the nonchargeable benefits component of an employer's unemployment insurance contribution rate under certain circumstances.

Under the Act, the maximum nonchargeable benefits component is 1%. For calendar years after 1993 and before 1996, however, if there are no benefit charges against an employer's account for the 60 months ending as of the computation date, the maximum nonchargeable benefits component cannot exceed one-half of 1%. The bill would apply this provision to all calendar years after 1993. For calendar years after 1995, that lower maximum rate for an employer's nonchargeable benefits component would apply if there were no benefit charges against the employer's account for 60 months or if an employer's chargeable benefits component were less than one-fifth of 1%.

In addition, Public Act 25 of 1995 amended the Michigan Employment Security Act to establish a schedule for further reductions of an employer's maximum rate for the nonchargeable benefits component, based on the length of time there were no benefit charges against an employer's account or on the level of the employer's chargeable benefits component. The bill would delete from each of those categories the criterion that the employer's chargeable benefits component was less than one-fifth of 1% for that period.

MCL 421.19

Legislative Analyst: P. Affholter

FISCAL IMPACT

Governmental employers that did not have any benefit charges to their unemployment benefit accounts could have a 50% reduction in the nonchargeable benefits component of their unemployment taxes. All other government entities would not be affected by this bill.

Date Completed: 5-30-95

Fiscal Analyst: K. Lindquist