

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

**421.13a Contributions of nonprofit organizations; reimbursement payments in lieu of contributions; “nonprofit organization” defined; notice of election to become reimbursing employer; surety bond, irrevocable letter of credit, or other security; applicability of subsection (4).**

Sec. 13a.

(1) Any nonprofit organization which is, or becomes, subject to this act after December 31, 1971, shall pay contributions as a contributing employer pursuant to section 13, unless it elects to make reimbursement payments in lieu of contributions as a reimbursing employer pursuant to sections 13a to 13c. For the purpose of this act, a nonprofit organization is an organization or group of organizations which is described in section 501(c)(3) of the federal internal revenue code and is exempt from income tax under section 501(a) of that code.

(2) A nonprofit organization which is subject to this act on December 31, 1971, may elect to become a reimbursing employer for a period of not less than 2 calendar years beginning with January 1, 1972 if it files with the commission a written notice of its election within 30 days after January 1, 1972.

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

(4) A nonprofit organization subject to this act that elects to become a reimbursing employer on or after the effective date of the amendatory act that added this subsection shall execute and file a surety bond, irrevocable letter of credit, or other security as approved by the commission in an amount approved by the commission to secure the payment of its obligations under this act. This subsection shall not apply to any nonprofit reimbursing employer who pays \$100,000.00 or less remuneration per calendar year for employment as determined by the commission.

**History:** Add. 1971, Act 231, Imd. Eff. Jan. 3, 1972 ;-- Am. 1989, Act 236, Imd. Eff. Dec. 21, 1989