Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 150
Sponsor: Senator Dave Honigman
Committee: Human Resources, Labor, and Veteran Affairs

Date Completed: 2-16-95

SUMMARY OF SENATE BILL 150 as introduced 1-17-95:

The bill would amend the Michigan Employment Security Act to do all of the following:

- **-- Revise the criteria for certain individuals who were disqualified from eligibility for benefits to requalify for benefits.**
- **-- Revise the definition of "credit week".**
- **-- Repeal a section of the Act that provides an alternative calculation for an individual to establish a "benefit year".**

The bill would take effect for weeks of unemployment beginning on or after May 2, 1995.

Requalification For Benefits

Currently, an individual who is disqualified for benefits because he or she left work voluntarily without good cause attributable to the employer or employing unit, was discharged for misconduct connected with his or her work or for intoxication while at work, was discharged for theft connected with his or her work resulting in loss or damage of $25 or less, or was discharged for willful destruction of property connected with his or her work resulting in loss or damage of $25 or less may requalify for benefits by earning in employment for a liable employer an amount equal to, or in excess of, seven times the individual's potential weekly benefit rate or 40 times the State minimum hourly wage times seven, whichever is less. The bill would change the latter criterion to 40 times the Federal minimum hourly wage times seven.

"Credit Week" Definition

Currently, with respect to benefit years established before January 1, 1997, "credit week" means a calendar week of an individual's "base period" during which he or she earned wages equal to or greater than 20 times the State minimum hourly wage in effect on the first day of the calendar week in which he or she filed an application for benefits. Under the bill, a credit week would be a calendar week of the base period during which the person earned wages equal to or greater than 30 times the Federal minimum hourly wage.

("Benefit year" means the period of 52 consecutive calendar weeks beginning with the first calendar week with respect to which the individual files an application for benefits. "Base period", for benefit years beginning before January 1, 1997, means the period of 52 consecutive weeks ending with the day immediately preceding the first day of the person's benefit year. For benefit years beginning after January 1, 1997, "base period" means the first four of the last five completed calendar quarters before the first day of the person's benefit year.)

Repealer

The bill would repeal a section that provides that, if an individual is not able to establish a benefit year because of insufficient credit weeks, a benefit year may be established if the person has at least 14 credit weeks in his or her base period, and has base period wages in excess of 20 times the State average weekly wage, applicable to the calendar year in which his or her benefit year is established (MCL 421.46a).

MCL 421.29 et al. Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would reduce the obligation of State and local governmental units for unemployment benefits payable to past employees. The actual savings in Federal unemployment taxes would be determined by the level of benefits paid during the previous benefit period. Consequently, actual savings would vary according to the benefit experience of each governmental unit.

Fiscal Analyst: K. Lindquist

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