Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 6109 (Substitute H-1 as reported without amendment)
Sponsor: Representative Walter J. DeLange
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 eliminate the requirement that the Michigan Employment Security Commission (MESC) publish accounting statements and account balances in an annual report, and to revise the method for calculating the 10% reduction in employers' contribution rates that is based on the level of the Unemployment Compensation Fund.

The Act requires the MESC to submit to the Governor and make public an annual audit statement prepared under the supervision of the Auditor General and statistical data on benefits, charges to the employers' rating accounts, charges to the Administrative Fund, orders for restitution and recoveries, prosecutions, work registrations, placements, and all other matters reflecting the Commission's operations. The annual report also must include the average rate paid by construction employers. The bill would delete these provisions.

An employer's contribution rate is based on a chargeable benefits component, an account building component, and a nonchargeable benefits component. Unless an employer's contribution rate is 1/10 of 1% for calendar years beginning after December 31, 1995, the contribution rate is subject to a reduction based on the balance in the Unemployment Compensation Fund, for employers that have been liable for the payment of contributions for more than four consecutive years. Currently, each component must be reduced by 10%, or 1/10 of 1% must be deducted from the contribution rate, whichever method results in a lower rate. The bill provides, instead, that the employer's contribution rate would have to be reduced by any of the following calculation methods that resulted in the lowest rate:

-- Each component would be reduced by 10% and if the resulting quotient were not an exact multiple of 1/10 of 1%, that quotient would be increased to the next higher multiple of 1/10 of 1%. The three components as increased then would be added together.
-- One-tenth of 1% would be deducted from the contribution rate.
-- The contribution rate would be reduced by 10% and if the resulting quotient were not an exact multiple of 1/10 of 1%, that quotient would be increased to the next higher multiple of 1/10 of 1%.

MCL 421.8 et al. Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 12-10-96 Fiscal Analyst: M. Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.