

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

**421.17 Nonchargeable benefits account; experience account; pooling of contributions; credits; exception during COVID-19 pandemic only.**

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

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

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

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

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

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

(e) All amounts that may be paid or advanced by the federal government under section 903 or section 1201 of the social security act, 42 USC 1103 and 1321, to the account of the state in the federal unemployment trust fund.

(f) All benefits improperly paid to claimants that have been recovered and that were previously charged to an employer's account.

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

(h) The amount of any benefit check, any employer refund check, any claimant restitution refund check, or other payment duly issued that has not been presented for payment within 1 year after the date of issue.

(i) Any other unemployment fund income not creditable to the experience account of any employer.

(j) Any negative balance transferred to an employer's new experience account pursuant to this section.

(k) Amounts transferred from the contingent fund under section 10.

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

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

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

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

(d) Any positive balance credited or transferred to an employer's new experience account under this subsection.

(e) Repayments to the federal government of amounts advanced by it under section 1201 of the social security act, 42 USC 1321, to the unemployment compensation fund established by this act.

(f) The amounts received by the unemployment compensation fund under section 903 of the social security act, 42 USC 1103, that may be appropriated to the unemployment agency in accordance with subsection (8).

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

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

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

(j) All benefits that become nonchargeable to an employer under section 19(b) or (c), 29(1)(a)(i) to (iv) or (3), or 42a.

(k) For benefit years with benefits allocated under section 20(f) for a week of unemployment in which a claimant earns remuneration with a contributing employer that equals or exceeds the amount of benefits allocated to that contributing employer.

(l) Benefits that are nonchargeable to an employer's account in accordance with section 20(i) or (j).

(m) Benefits otherwise chargeable to the account of an employer when the benefits are payable solely on the basis of combining wages paid by a Michigan employer with wages paid by a non-Michigan employer under the interstate arrangement for combining employment and wages under 20 CFR 616.1 to 616.11.

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

(5) If an employer who has ceased to be subject to this act, and who has had a positive or negative balance transferred as provided in subsection (2) or (3) from the employer's experience account to the solvency or nonchargeable benefits account as of the second computation date after the employer has ceased to be subject to this act, becomes subject to this act again within 6 years after that computation date, the unemployment agency shall transfer the positive or negative balance, adjusted by the debits and credits that are made after the date of transfer, to the employer's new experience account.

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

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

(8) All money credited under section 903 of the social security act, 42 USC 1103, to the account of the state in the federal unemployment trust fund must immediately be credited by the unemployment agency to the fund's nonchargeable benefits account. There is authorized to be appropriated to the unemployment agency from the money credited to the nonchargeable benefits account under this subsection, an amount determined to be necessary for the proper and efficient administration by the unemployment agency of this act for purposes for which federal grants under title 3 of the social security act, 42 USC 501 to 505, and the Wagner-Peyser act, 29 USC 49 to 49I-2, are not available or are insufficient. The appropriation expires not more than 2 years after the date of enactment and must provide that any unexpended balance is credited to the nonchargeable benefits account. An appropriation under this subsection must not exceed the "adjusted balance" of the nonchargeable benefits account on the most recent computation date. Appropriations made under this subsection must limit the total amount that may be obligated by the unemployment agency during a fiscal year to an amount that does not exceed the amount by which the aggregate of the amounts credited to the nonchargeable benefits account under this subsection during the fiscal year and the 24 preceding fiscal years, exceeds the aggregate of the amounts obligated by the unemployment agency by appropriation under this subsection and charged against the amounts thus credited to the nonchargeable benefits account during any of the 25 fiscal years and any amounts credited to the nonchargeable benefits account that have been used for the payment of benefits.

(9) Notwithstanding any other provision of this act, any benefit paid to a claimant that is laid off or placed on a leave of absence must not be charged to the account of any employer who otherwise would have been charged but instead must be charged to the nonchargeable benefits account. This subsection does not apply after March 31, 2021.

**History:** 1936, Ex. Sess., Act 1, Imd. Eff. Dec. 24, 1936;—Am. 1937, Act 347, Imd. Eff. Aug. 5, 1937;—Am. 1939, Act 324, Imd. Eff. June 22, 1939;—Am. 1941, Act 364, Imd. Eff. July 1, 1941;—Am. 1947, Act 360, Imd. Eff. July 8, 1947;—CL 1948, 421.17;—Am. 1954, Act 197, Imd. Eff. May 7, 1954;—Am. 1955, Act 281, Eff. July 15, 1955;—Am. 1957, Act 311, Imd. Eff. June 21, 1957;—Am. 1963, Act 226, Eff. Sept. 6, 1963;—Am. 1965, Act 281, Eff. Sept. 5, 1965;—Am. 1967, Act 254, Imd. Eff. July 19, 1967;—Am. 1968, Act 338, Imd. Eff. July 19, 1968;—Am. 1970, Act 14, Imd. Eff. Apr. 14, 1970;—Am. 1970, Act 128, Imd. Eff. July 27, 1970;—Am. 1971, Act 231, Imd. Eff. Jan. 3, 1972;—Am. 1974, Act 104, Eff. June 9, 1974;—Am. 1977, Act 155, Imd. Eff. Nov. 8, 1977;—Am. 1980, Act 388, Imd. Eff. Jan. 6, 1981;—Am. 1982, Act 535, Eff. Jan. 2, 1983;—Am. 1994, Act 162, Imd. Eff. June 17, 1994;—Am. 1996, Act 535, Imd. Eff. Jan. 13, 1997;—Am. 2003, Act 174, Imd. Eff. Aug. 14, 2003;—Am. 2009, Act 18, Imd. Eff. Apr. 13, 2009;—

Am. 2011, Act 269, Imd. Eff. Dec. 19, 2011;—Am. 2020, Act 229, Imd. Eff. Oct. 20, 2020;—Am. 2020, Act 258, Imd. Eff. Dec. 29, 2020.