



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 322 (Substitute S-3 as reported by the Committee of the Whole)

Sponsor: Senator Dave Honigman

Committee: Human Resources, Labor, and Veteran Affairs

CONTENT

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

- Reduce the weekly unemployment compensation benefit rate, and eliminate indexing of the maximum weekly benefit as a percentage of the State average weekly wage.
- Restrict the payment of benefits for a seasonal employee's periods of unemployment.
- Revise provisions for the payment of benefits for a week in which an eligible individual earned partial remuneration.
- Revise some of the benefit disqualification conditions, and disqualify certain temporary employees and in-home salespersons from eligibility for benefits.
- Revise the definition of "credit week" to base it on 30 times, rather than 20 times, the State minimum wage.
- Reduce the maximum level of the account building component of the tax formula used to calculate an employer's contribution to the Unemployment Compensation (UC) Fund; decrease the maximum nonchargeable benefits component of the tax formula, under certain circumstances; and reduce some employers' contribution rates if the UC Fund met certain criteria.
- In the case of a transfer of business, provide for temporary contribution rates.

MCL 421.19 et al.

Legislative Analyst: P. Affholter

FISCAL IMPACT

The tax reduction provisions of the bill would lower the contribution requirements of State and local governmental units. The actual savings of Federal unemployment taxes also would be determined by the level of benefits paid to past employees and by the number of part-time individuals who have been and would be employed in seasonal positions. Actual savings would vary according to the benefit experience of each governmental unit.

These changes would reduce the amount contributed into the trust fund. The reduced annual benefit payments from the trust fund together with the reduced contribution level from employers would have an indeterminate fiscal impact. Information is to be developed and should be available at a later date.

Date Completed: 3-1-95

Fiscal Analyst: K. Lindquist

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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.