



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 1272 (as reported without amendment)
Sponsor: Senator Mark C. Jansen
Committee: Reforms, Restructuring and Reinventing

CONTENT

The bill would amend the Michigan Employment Security Act to require employers' contribution payments and obligation assessment payments to be credited first to interest on the obligation assessment and then to the assessment, with the remainder credited as currently required to penalties and interest on contributions and contribution principal.

Each employer subject to the Act is required to pay a contribution, or make a payment in lieu of a contribution, that is deposited in the Unemployment Compensation Fund. These payments must be credited first to penalty, then to interest, and then to principal, unpaid and owing in the oldest calendar quarter and progressing to the most recent quarter.

In addition, the Act requires employers to pay an unemployment obligation assessment, which must be credited to the Obligation Assessment Fund.

The bill would require an obligation assessment payment or a contribution payment to be credited first to interest on the obligation assessment and then to the obligation assessment, with those payments applied to amounts unpaid and owing in the oldest calendar quarter and progressing to the most recent. Any remainder would have to be credited first to penalties on contributions, then to interest on contributions, and then to contribution principal, with the payments applied to amounts unpaid and owing in the oldest calendar quarter and progressing to the most recent.

MCL 421.13

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

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

Date Completed: 9-19-12

Fiscal Analyst: Josh Sefton