

SENATE BILL No. 1272

September 13, 2012, Introduced by Senators JANSEN and BRANDENBURG and referred to the Committee on Reforms, Restructuring and Reinventing.

A bill to amend 1936 (Ex Sess) PA 1, entitled "Michigan employment security act," by amending section 13 (MCL 421.13), as amended by 2011 PA 269.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 13. (1) Each employer subject to this act shall pay to
2 the unemployment agency a tax in the form of payments in lieu of
3 contributions where the employer is liable for those payments, or
4 tax contributions equal to a standard rate of 2.7% for calendar
5 years before 1985 and 5.4% for calendar year 1985 and thereafter,
6 subject to an adjustment in rate of contributions as provided in
7 section 19. The contributions shall become due and be paid to the
8 unemployment agency, for the unemployment compensation fund, by
9 each employer semiannually or for shorter periods of not less than
10 28 days, as the unemployment agency may by rule prescribe.
11 Contributions due and payable from an employer that is liable under

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1 this act solely on the basis of the payment of wages for domestic
2 service may be paid annually on the date specified by the
3 unemployment agency. ~~Contributions, and payments in lieu of~~
4 ~~contributions, shall be credited first to penalty, then to~~
5 ~~interest, and then to principal, unpaid and owing in the oldest~~
6 ~~calendar quarter and progressing each quarter to the most recent~~
7 ~~quarter.~~ **AN OBLIGATION ASSESSMENT PAYMENT MADE PURSUANT TO SECTION**
8 **10A OR A CONTRIBUTION PAYMENT MADE PURSUANT TO THIS SECTION SHALL**
9 **BE CREDITED FIRST TO INTEREST ON THE OBLIGATION ASSESSMENT AND THEN**
10 **TO THE OBLIGATION ASSESSMENT, WITH THOSE PAYMENTS APPLIED TO**
11 **AMOUNTS UNPAID AND OWING IN THE OLDEST CALENDAR QUARTER AND**
12 **PROGRESSING EACH QUARTER TO THE MOST RECENT QUARTER. ANY REMAINDER**
13 **SHALL BE CREDITED FIRST TO PENALTIES ON CONTRIBUTIONS, THEN TO**
14 **INTEREST ON CONTRIBUTIONS, AND THEN TO CONTRIBUTION PRINCIPAL, WITH**
15 **THOSE PAYMENTS APPLIED TO AMOUNTS UNPAID AND OWING IN THE OLDEST**
16 **CALENDAR QUARTER AND PROGRESSING EACH QUARTER TO THE MOST RECENT**
17 **QUARTER.** An employer's contribution shall not be deducted directly
18 or indirectly, in whole or in part, from wages of individuals in
19 his or her employ. A contribution payment amount that is not an
20 even dollar amount shall be credited to the account of the employer
21 in an amount equal to the next lower dollar amount if under 50
22 cents and in an amount equal to the next higher dollar amount if 50
23 cents or more. The unemployment agency may prescribe by rule the
24 details of the computation and payment of contributions. Every
25 employing unit shall file with the unemployment agency periodic
26 reports on forms and at a time the unemployment agency prescribes
27 to disclose liability for contributions under this act. Each

1 employing unit shall keep records, including wage and employment
2 records, and shall, within prescribed time limits, submit or
3 provide reports, including wage and employment reports, to the
4 unemployment agency or to the employing unit's employees or former
5 employees as the unemployment agency prescribes by rule.

6 (2) Beginning with the first quarter of 1986, each employer
7 shall file a quarterly wage report with the unemployment agency, on
8 forms and at a time as the unemployment agency prescribes, which
9 shall include for each of the employer's employees the employee's
10 name, social security number, gross wages paid during each quarter,
11 and the name, address, and federal and state employer
12 identification number of the individual's employer. If the
13 unemployment agency discovers an error in a report filed timely,
14 the unemployment agency shall provide written notification to the
15 employer of the error. If the employer provides corrected
16 information within 14 days of the notification, the administrative
17 fine provided in section 54 for a late, incomplete, or erroneous
18 report shall not apply. An employer having more than 25 employees
19 on January 1, 2013 shall file quarterly reports beginning with the
20 report for the first quarter of 2013 by an electronic method
21 approved by the unemployment agency. An employer having more than 5
22 but fewer than 26 employees on January 1, 2013 shall file quarterly
23 reports beginning with the report for the first quarter of 2014 by
24 an electronic method approved by the unemployment agency. An
25 employer having 5 or fewer employees on January 1, 2013 shall file
26 quarterly reports beginning with the report for the first quarter
27 of 2015 by an electronic method approved by the unemployment

1 agency, except that the director of the unemployment agency, upon
2 application by the employer, may grant additional time for the
3 employer to comply with the electronic filing method if the
4 director concludes that satisfying the requirement of electronic
5 filing will cause economic hardship for the employer. The employer
6 shall provide, and the director shall consider, information about
7 the employer's anticipated cost expenditure for preparing for
8 electronic filing and about the employer's annual income. An
9 employer that complies with the reporting requirements of this
10 subsection by filing electronically a quarterly wage report using a
11 method approved by the unemployment agency is not required to file
12 periodically to disclose contributions under this act.

13 (3) The unemployment agency shall allow a contributing
14 employer that employed 25 or fewer individuals during the pay
15 period that includes January 12, 2012, or during the corresponding
16 pay period in each succeeding calendar year, and that incurred 50%
17 or more of the employer's total previous year's contribution
18 obligation in the first quarter of that year to discharge the
19 liability for contributions due in the next succeeding year through
20 quarterly payments that distribute the payment of the first
21 quarter's obligation equally over the 4 quarters in that year. To
22 avoid interest and penalties otherwise applicable to those
23 payments, an employer meeting the requirements of this subsection
24 shall notify the unemployment agency of the election to make
25 apportioned payments with the first quarter's payment and timely
26 file each succeeding quarterly payment in the amounts prescribed in
27 section 15a. This subsection applies to contributions beginning in

1 the 2013 tax year.