

**SUBSTITUTE FOR
SENATE BILL NO. 500**

A bill to amend 1936 (Ex Sess) PA 1, entitled
"Michigan employment security act,"
by amending section 44 (MCL 421.44), as amended by 2011 PA 269.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 44. (1) "Remuneration" means all compensation paid for
2 personal services, including commissions and bonuses, and except
3 for agricultural and domestic services, the cash value of all
4 compensation payable in a medium other than cash. Any remuneration
5 payable to an individual that has not been actually received by
6 that individual within 21 days after the end of the pay period in
7 which the remuneration was earned, shall, for the purposes of
8 subsections (2) to (5) and section 46, be considered to have been
9 paid on the twenty-first day after the end of that pay period. ~~For~~
10 ~~benefit years beginning on or after October 1, 2000, if~~ **IF** back pay

1 is awarded to an individual and is allocated by an employer or
2 legal authority to a period of weeks within 1 or more calendar
3 quarters, the back pay shall be considered paid in that calendar
4 quarter or those calendar quarters for purposes of section 46. The
5 reasonable cash value of compensation payable in a medium other
6 than cash shall be estimated and determined in accordance with
7 rules promulgated by the unemployment agency. ~~Beginning January 1,~~
8 ~~1986, remuneration shall include~~ **REMUNERATION INCLUDES** tips
9 actually reported to an employer under section 6053(a) of the
10 internal revenue code, **26 USC 6053(A)**, by an employee who receives
11 tip income. Remuneration does not include either of the following:

12 (a) Money paid an individual by a unit of government for
13 services rendered as a member of the ~~national guard~~ **NATIONAL GUARD**
14 of this state, or for similar services to another state or the
15 United States.

16 (b) Money paid by an employer to a worker under a supplemental
17 unemployment benefit plan consistent with the criteria for a
18 supplemental unemployment benefit plan as described in ~~internal~~
19 ~~revenue service~~ **INTERNAL REVENUE SERVICE** publication 15-A,
20 employer's supplemental tax guide, regardless of whether the
21 benefits are paid from a trust or by the employer.

22 (2) "Wages", subject to subsections (3) to (5), means
23 remuneration paid by employers for employment and ~~, beginning~~
24 ~~January 1, 1986,~~ includes tips actually reported to an employer
25 under section 6053(a) of the internal revenue code, **26 USC 6053(A)**,
26 by an employee who receives tip income. If any provision of this
27 subsection prevents this state from qualifying for any federal

1 interest relief provisions provided under section 1202 of title XII
2 of the social security act, 42 USC 1322, or prevents employers in
3 this state from qualifying for the limitation on the reduction of
4 federal unemployment tax act credits as provided under section
5 3302(f) of the federal unemployment tax act, 26 USC 3302, that
6 provision is invalid to the extent necessary to maintain
7 qualification for the interest relief provisions and federal
8 unemployment tax credits.

9 (3) For the purpose of determining the amount of contributions
10 due from an employer under this act, wages ~~shall be~~ **ARE** limited by
11 the taxable wage limit applicable under subsection (4). For this
12 purpose, wages ~~shall exclude all remuneration paid within a~~
13 ~~calendar year~~ **AN EMPLOYING UNIT PAYS** to an individual ~~by an~~
14 ~~employing unit after the individual was paid within that year by~~
15 ~~that employing unit remuneration equal to~~ **THAT EXCEEDS** the taxable
16 wage limit on which unemployment taxes were paid or were payable in
17 this state and in any other states **FOR THAT EMPLOYEE BY THE**
18 **EMPLOYING UNIT WITHIN THAT YEAR.** If ~~an~~ **A SUCCESSOR** employing unit ~~,~~
19 ~~hereinafter referred to as successor, during any calendar year~~
20 becomes a transferee **DURING A CALENDAR YEAR** in a transfer of
21 business, as defined in section 22, of ~~another,~~ ~~hereinafter~~
22 ~~referred to as a predecessor,~~ **EMPLOYING UNIT** and immediately after
23 the transfer employs in his or her trade or business an individual
24 who immediately before the transfer was employed in the trade or
25 business of the predecessor, then for the purpose of determining
26 whether the successor has paid remuneration with respect to
27 employment equal to the taxable wage limit to that individual

1 during the calendar year, any remuneration with respect to
2 employment paid to that individual by the predecessor during the
3 calendar year and before the transfer shall be considered as having
4 been paid by the successor.

5 (4) The taxable wage limit for each calendar year is ~~\$8,000.00~~
6 ~~in the 1983 calendar year, \$8,500.00 in the 1984 calendar year,~~
7 ~~\$9,000.00 in the 1985 calendar year,~~ \$9,500.00 in the calendar
8 years 1986 through 2002, and \$9,000.00 for calendar years after
9 2002 and before 2012, or the maximum amount of remuneration paid
10 within a calendar year by an employer subject to the federal
11 unemployment tax act, 26 USC 3301 to 3311, to an individual with
12 respect to employment as defined in that act that is subject to tax
13 under that act during that year for each calendar year, whichever
14 is greater. For calendar years beginning 2012, the taxable wage
15 limit is \$9,500.00, but if at the beginning of a calendar quarter
16 the balance in the unemployment compensation fund equals or exceeds
17 \$2,500,000,000.00 and the agency projects that the balance will
18 remain at or above \$2,500,000,000.00 for the remainder of the
19 calendar quarter and for the entire succeeding calendar quarter,
20 the taxable wage limit for that calendar quarter and the succeeding
21 calendar quarter is \$9,000.00 for an employer that is not
22 delinquent in the payment of unemployment contributions, penalties,
23 or interest. **FOR CALENDAR YEARS BEGINNING 2016, IF ON JUNE 30 OF**
24 **THE PRECEDING YEAR THE BALANCE IN THE UNEMPLOYMENT COMPENSATION**
25 **FUND EQUALS OR EXCEEDS \$2,500,000,000.00 AND THE AGENCY PROJECTS**
26 **THAT THE BALANCE WILL REMAIN AT OR ABOVE \$2,500,000,000.00 FOR THE**
27 **SUCCEEDING CALENDAR QUARTER, THE TAXABLE WAGE LIMIT FOR THE**

1 CALENDAR YEAR IS REDUCED TO \$9,000.00 FOR AN EMPLOYER THAT IS NOT
2 DELINQUENT IN THE PAYMENT OF UNEMPLOYMENT CONTRIBUTIONS, PENALTIES,
3 OR INTEREST. IF THE UNEMPLOYMENT COMPENSATION FUND BALANCE ON JUNE
4 30 OR THE AGENCY PROJECTION DOES NOT MEET THESE CONDITIONS, THE
5 \$9,500.00 TAXABLE WAGE LIMIT APPLIES TO ALL EMPLOYERS IN THE NEXT
6 CALENDAR YEAR. FOR PURPOSES OF THIS SUBSECTION, AN EMPLOYER IS
7 DELINQUENT IN THE PAYMENT OF UNEMPLOYMENT CONTRIBUTION, PENALTIES,
8 OR INTEREST IF THE EMPLOYER HAS A QUARTERLY UNPAID BALANCE OF
9 \$25.00 OR MORE, UNLESS 1 OR MORE OF THE FOLLOWING APPLY:

10 (A) THE EMPLOYER HAS FILED A TIMELY PROTEST OR APPEAL OF THE
11 NOTICE OF ASSESSMENT AND THE ASSESSMENT HAS NOT BECOME FINAL.

12 (B) WITHIN 45 DAYS AFTER THE BEGINNING OF THE FIRST CALENDAR
13 QUARTER IN WHICH THE REDUCED TAXABLE WAGE BASE LIMIT TAKES EFFECT
14 FOR NONDELINQUENT EMPLOYERS, ALL OUTSTANDING BALANCES OWED TO THE
15 UNEMPLOYMENT AGENCY ARE PAID IN FULL.

16 (C) IF THE EMPLOYER IS A DOMESTIC EMPLOYER, ALL APPLICABLE
17 CONTRIBUTIONS, INTEREST, AND PENALTIES ARE PAID ON OR BEFORE THE
18 DATE SPECIFIED BY THE AGENCY UNDER SECTION 13(1).

19 (5) For the purposes of this act, the term "wages" ~~shall~~ DOES
20 not include any of the following:

21 (a) The amount of a payment, including an amount paid by an
22 employer for insurance or annuities or into a fund, to provide for
23 such a payment, made to, or on behalf of, an employee or any of the
24 employee's dependents under a plan or system established by an
25 employer that makes provision for the employer's employees
26 generally, or for the employer's employees generally and their
27 dependents, or for a class or classes of the employer's employees,

1 or for a class or classes of the employer's employees and their
2 dependents, on account of retirement, sickness or accident
3 disability, medical or hospitalization expenses in connection with
4 sickness or accident disability, or death.

5 (b) A payment made to an employee, including an amount paid by
6 an employer for insurance or annuities, or into a fund, to provide
7 for such a payment, on account of retirement.

8 (c) A payment on account of sickness or accident disability,
9 or medical or hospitalization expenses in connection with sickness
10 or accident disability, made by an employer to, or on behalf of, an
11 employee after the expiration of 6 calendar months following the
12 last calendar month in which the employee worked for the employer.

13 (d) A payment made to, or on behalf of, an employee or the
14 employee's beneficiary from or to a trust described in section
15 401(a) of the internal revenue code of 1986, **26 USC 401(A)**, that is
16 exempt from tax under section 501(a) of the internal revenue code
17 of 1986, **26 USC 501(A)**, at the time of the payment, unless the
18 payment is made to an employee of the trust as remuneration for
19 services rendered as an employee and not as a beneficiary of the
20 trust, or under or to an annuity plan which, at the time of the
21 payment, is a plan described in section 403(a) of the internal
22 revenue code of 1986, **26 USC 403(A)**, or under or to a bond purchase
23 plan that at the time of the payment, is a qualified bond purchase
24 plan described in former section 405(a) of the internal revenue
25 code.

26 (e) The payment by an employer, without deduction from the
27 remuneration of the employee, of the tax imposed upon an employee

1 under section 3101 of the federal insurance contributions act, 26
2 USC 3101.

3 (f) Remuneration paid in any medium other than cash to an
4 employee for service not in the course of the employer's trade or
5 business.

6 (g) A payment, other than vacation or sick pay, made to an
7 employee after the month in which the employee attains the age of
8 65, if the employee did not work for the employer in the period for
9 which the payment is made.

10 (h) Remuneration paid to or on behalf of an employee as moving
11 expenses if, and to the extent that, at the time of payment of the
12 remuneration it is reasonable to believe that a corresponding
13 deduction is allowable under section 217 of the internal revenue
14 code of 1986, **26 USC 217**.

15 ~~—— (6) The amendments made to this section by amendatory act 1977
16 PA 155 apply to all remuneration paid after December 31, 1977.~~

17 ~~—— (7) The amendments made in subsection (1) by the amendatory
18 act that added this subsection shall first apply to remuneration
19 paid after December 31, 1977.~~