Legislative Analysis

UNEMPLOYMENT INSURANCE AGENCY REPORT ON UNPAID AND DELINQUENT CONTRIBUTIONS

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House Bill 4897 (proposed substitute H-2)
Sponsor: Rep. Leslie Love
Committee: Commerce and Tourism
Complete to 10-7-20

SUMMARY:

House Bill 4897 would amend the Michigan Employment Security Act to require the Unemployment Insurance Agency (UIA) to report annually to the legislature on unpaid and delinquent employer taxes due to the Unemployment Compensation Fund created under the act.

Each employer in Michigan subject to the act is required to pay to the UIA a tax that is credited to the Unemployment Compensation Fund.

Under the bill, beginning January 1, 2021, the UIA would have to provide an annual written report to the chairs of the standing committees and the appropriation subcommittees of the House and Senate with jurisdiction over issues pertaining to unemployment compensation. The report would have to include, in a form that does not identify any employers, all of the following for the immediately preceding calendar year:

- The collection methods the UIA has adopted to limit the amount of unpaid and delinquent employer taxes.
- The number of employers that were issued assessments for unpaid taxes.
- A schedule that includes all of the following:
  - The age of the outstanding receivables.
  - The percentage of taxes due that were timely paid.
  - The percentage of taxes due that were determined to be uncollectable.
  - The amount of accounts receivable at the end of the calendar year expressed as a percentage of the total amount of employer taxes that are due.
- The number of delinquent employer tax accounts referred to the attorney general for collection and the UIA's success rate in those cases.
- The amount of delinquent employer taxes recovered.
- An estimate of the fiscal impact of unpaid employer taxes on the Unemployment Compensation Fund balance and the methodology used to determine the estimate.
- The number of full-time employees assigned to, and employee hours devoted to, recovering unpaid and delinquent employer taxes.

The bill would take effect 90 days after its enactment.

MCL 421.15

FISCAL IMPACT:

House Bill 4897 would not have a significant fiscal impact on any unit of state or local government. The reporting requirement under the bill would likely be sufficiently offset by existing appropriations for the Department of Labor and Economic Opportunity.

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