



MICHIGAN

To: Honorable Members of the Michigan Workforce & Talent Development Committee

From: Amanda Fisher, Assistant State Director

Date: November 5, 2015

RE: SB 500 - Unemployment Insurance Taxable Wage Base

We are writing to ask your support for SB 500 which would stabilize the Unemployment Insurance taxable wage base (TWB) on a yearly basis.

During the Unemployment Insurance reforms of 2011, the UI system was in billions of dollars of debt to the federal government due to the sweeping unemployment seen during the late 2000s. The Trust Fund was completely depleted and many employers owed money. At that time, in order to "right the ship" it was necessary to increase the TWB for each employee was increased from \$9000 to \$9500

Because the UI system is completely funded by job providers, legislators wisely inserted language that stated once the UI Trust Fund reached 2.5 billion, the TWB would decrease back to \$9000 in the following quarter.

Due to fiscally responsible legislative reforms and sacrifices of employers, the UI Trust Fund has now reached 2.5 B. This past quarter, job providers saw a decrease in their TWB. However, an unintended consequence of how the statute was drafted, creates a ping ponging effect of the TWB going up and down with each quarter. This can be difficult and confusing for both the Unemployment Insurance Agency and employers.

SB 500 would set the TWB each year based on the UI Trust Fund account numbers on June 30th of the previous year. NFIB believes this is a fair compromise in order to ensure that employers are taxed correctly and can plan accordingly each year.

We would ask that you support this bill with NO AMENDMENTS.

This will be a key vote for NFIB this session.