

The Michigan Manufacturers Association Opposes Unemployment Tax Increase on Jobs!

May 6, 2009

To the Members of the Michigan House of Representatives,

The Michigan Manufacturers Association (MMA) urges you to resist efforts to permanently expand Michigan's 100% employer funded unemployment insurance (UI) system, thus increasing unemployment insurance taxes on job providers, in exchange for a one-time payment from the federal government in the form of stimulus dollars.

Through the federal American Reinvestment and Recovery Act (federal stimulus law) Michigan has been offered a one-time payment of \$138.9 million in an effort to leverage expansion of our already stressed unemployment system. To accept this temporary money, federal law requires that Michigan enact two of four options dictated by the federal government permanently into law in order to receive this relatively small temporary payment. MMA urges you to vote NO on the following bills proposed to comply with this federal requirement:

- **HB 4785** would provide extended benefits for individuals in job training programs who have exhausted their regular benefits;
- **HB 4786** would provide benefits to former part-time workers only seeking part-time work.

We oppose these proposals, as the cost far outweighs the benefit of a one-time \$138.9 million payment. These proposals combined have an estimated annual cost of \$69.7 million. In two years, the cost will already exceed the one-time payment, forcing job providers to pick up the long-term additional cost in the form of higher state and federal unemployment taxes. Employers may be forced to cut jobs in order to afford the additional payroll taxes from this ill-advised change in our UI law.

Michigan currently owes over \$2 billion to the federal government which has been borrowed to pay out UI claims. This means employers in this state will already face higher federal unemployment taxes beginning January 2010 without expansion of UI eligibility.

These proposals will lead to even higher unemployment taxes for job providers of all sizes and further reduce our competitiveness in the global economy. Michigan cannot afford House Bills 4785 and 4786—it's high time we learn to live within our means.

MMA opposes each of these bills and encourages a NO vote. Due to the significant impact these bills will have on the ability of employers to provide jobs in this state, MMA will be recording final passage votes on these bills in our vote record analysis and sharing the results with our membership.

Respectfully,



Jennifer Spike
Director, Human Resource Policy