



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY  
LANSING

SUSAN CORBIN  
DIRECTOR

## MEMORANDUM

**DATE:** February 27, 2026

**TO:** The Honorable John Cherry, Chair  
Senate Standing Committee on Labor

The Honorable Nancy DeBoer, Chair  
House Standing Committee on Education  
and Workforce

The Honorable Mary Cavanagh, Chair  
Senate Appropriations Subcommittee on LEO/MEDC

The Honorable Nancy Jenkins-Arno, Chair  
House Appropriations Subcommittee on Labor and Economic Opportunity

**FROM:** Jason Palmer, Director  
Michigan Unemployment Insurance Agency  
Department of Labor and Economic Opportunity

**SUBJECT:** Section 22b of the Michigan Employment Security Act, MCL 421.22b  
Unemployment Insurance Agency State Unemployment Tax Act (SUTA) Report

Under Sec. 22b of the Michigan Employment Security Act, MCL 421.22b, the Unemployment Insurance Agency must provide an annual written report to the chairpersons of the standing committees and the appropriations subcommittees of the house and senate having jurisdiction over legislation pertaining to unemployment compensation. The report must include all of the following information in a form that does not identify individual employers:

- The procedures the agency has adopted to prevent SUTA dumping.
- The number of SUTA dumping investigations opened during the year.

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- The average length of time to resolve a SUTA dumping investigation and the number of investigations pending for more than 6 months and for more than 1 year.
- The number of cases brought before an administrative law judge or the board of review and the agency's success rate in those cases.
- The amount of money recovered as a result of implementing the provisions of this section.
- The estimated fiscal impact of SUTA dumping on the unemployment compensation fund balance and the factual basis for the estimate.
- The number of full-time employees assigned to, and the number of employee hours devoted to, SUTA dumping prevention, investigation, and remediation.
- The number of SUTA dumping investigations that involved the transfer of employees to or from an employee leasing company.
- The number of investigations in which an employee leasing company was found to have participated in SUTA dumping.
- The number of employee leasing companies operating in Michigan.

Should you have any questions regarding this report or need additional information please contact Andrew Crane, UIA Legislative Liaison, at [cranea3@michigan.gov](mailto:cranea3@michigan.gov) or (517) 243-9778.

cc: Members – Senate Appropriations Subcommittee on LEO/MEDC  
Members – House Appropriations Subcommittee on Labor and Economic Opportunity

**Unemployment Insurance**  
**State Unemployment Tax Act (SUTA) dumping**  
**Annual Report for CY 2025**

The Unemployment Insurance Agency (Agency) is providing an annual report under Section 22b of the Michigan Employment Security Act, MCL 421.22b, for transferring trade or business with the intent to reduce contribution rates or reimbursement payments.

(i) The procedures the Agency has adopted to prevent SUTA dumping

- **Communication with Employer Community:** The Agency has developed informational materials for employers. The information is distributed through the Quarterly Tax Report mailings, special mailings, meetings and educational forums with the employer community.
- **Agency Website:** The Agency maintains a section devoted to SUTA dumping education under the Employers section of its website (<https://www.michigan.gov/leo/bureaus-agencies/uia/tools/publications/suta-dumping>). The website includes state legislation, federal information, Frequently Asked Questions/Fact Sheet form #114, informational letters sent to all employers.
- **Employer Advisor:** To provide on-going communication regarding SUTA dumping, the Agency publishes articles in the Employer Advisor which is an online quarterly newsletter made available to active employers in the state of Michigan.
- **Agency Outreach:** The Agency conducts Employer Seminars throughout the state which covers a variety of unemployment topics, including issues related to SUTA dumping.
- **Employer Handbook:** The Agency's Employer Handbook is an online comprehensive guide for employers and includes information about SUTA dumping and other topics.
- **Forms:** Employers can disclose the possible transfer of business through the Agency Schedule B form. This is available as a stand-alone form on the Agency's website ([www.michigan.gov/uia](http://www.michigan.gov/uia)). Successorship may also be reported using the Agency's online services known as MiWAM (Michigan Web Account Manager). MiWAM allows for the electronic posting of most Agency forms. All quarterly tax reporting must be done electronically. The development of the online forms will allow most Agency business to be conducted using systems and electronic forms. Some automated processes, such as activating an inactive account when a return is received, increase the chance that SUTA dumping will occur, as this process has been used in the past to obtain accounts with lower tax rates.
- **Electronic Filing:** The Agency requires electronic filing of quarterly tax reports for most employers. This allows the Agency to limit filing of reports contrary to Agency decisions by restricting access to only those recognized employer accounts
- **Michigan Employment Security Act:** House bill 5145, Effective 2012, Sec. 13m. indicates that an employer cannot register under their PEO, the agency requires a liable employer to complete an electronic application to register its employer liability. Since the application of House Bill 5145, and electronic filing, the agency has actively deterred any potential employer from performing SUTA dumping.

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(ii) The number of SUTA dumping investigations opened during the year.

During CY 2025, there were 16 SUTA dumping investigations opened.

(iii) The average length of time to resolve a SUTA dumping investigation and the number of investigations pending for more than 6 months and for more than 1 year.

- The average length of time to review and assign, discard or investigate was 65 days.
- Zero investigations were pending for more than 6 months.
- Zero investigations were pending for more than 1 year.

(iv) The number of cases brought before an administrative law judge or the board of review and the Agency's success rate in those cases.

Zero.

(v) The amount of money recovered because of implementing the provisions of this section.

From 2020 through 2025, Unemployment Insurance has recovered the following amounts of money due to implementing provisions of this section:

2020: \$ 171,129.00

2021: \$ 194,252.00

2022: \$ 7,279.80

2023: \$1227.28

2024: \$0.00

2025: \$0.00

(vi) The balance or deficit in the Unemployment Compensation Fund.

\$2,889,236,080.21

(vii) The estimated fiscal impact of SUTA dumping on the unemployment compensation fund balance and the factual basis for the estimate.

Based on the average historical amounts collected for SUTA dumping over the last five years, combined with the procedures the Agency has adopted to both educate employers, and detection efforts, it is estimated that the additional tax liability collected for the unemployment compensation fund during 2025 was approximately \$0.00.

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- (viii) The number of full-time employees assigned to, and the number of employee hours devoted to, SUTA dumping prevention, investigation, and remediation.

The Field Audit Compliance Section investigates allegations of SUTA dumping. There is 1 full-time employee that can be assigned to SUTA dumping prevention, investigation, and remediation and 1 full-time manager to review, assign and discard. The number of staff hours spent on SUTA cases is 258 hours.

- (ix) The number of SUTA dumping investigations that involved the transfer of employees to or from an employee leasing company.

There were 0 SUTA dumping investigations in 2025 which involved a transfer of employees to or from an employee leasing company.

- (x) The number of investigations in which an employee leasing company was found to have participated in SUTA dumping.

There were 0 investigations in 2025 which found an employee leasing company to have intentionally violated SUTA dumping rules.

- (xi) The number of employee leasing companies operating in Michigan.

There are 679 active companies in Michigan identifying themselves as employee leasing companies.

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