

# SENATE BILL No. 370

April 2, 2003, Introduced by Senator LELAND and referred to the Committee on Appropriations.

A bill to amend 1936 (Ex Sess) PA 1, entitled  
"Michigan employment security act,"  
by amending section 10 (MCL 421.10), as amended by 2002 PA 192.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 10. (1) There is created in the department of treasury  
2 A special fund to be known and designated as the administration  
3 fund (Michigan employment security act). Any balances in the  
4 administration fund at the end of any fiscal year of this state  
5 shall be carried over as a part of the administration fund and  
6 shall not revert to the general fund of this state. Except as  
7 otherwise provided in subsection (3), all money deposited into  
8 the administration fund under this act shall be appropriated by  
9 the legislature to the unemployment agency to pay the expenses of  
10 the administration of this act.

11       (2) The administration fund shall be credited with all money

1 appropriated to the fund by the legislature, all money received  
2 from the United States or any agency of the United States for  
3 that purpose, and all money received by this state for the fund.  
4 All money in the administration fund that is received from the  
5 federal government or any agency of the federal government or  
6 that is appropriated by this state for the purposes of this act,  
7 except money requisitioned from the account of this state in the  
8 unemployment trust fund pursuant to a specific appropriation made  
9 by the legislature in accordance with section 903(c)(2) of title  
10 IX of the social security act, 42 U.S.C. 1103, and with section  
11 17(3)(f), shall be expended solely for the purposes and in the  
12 amounts found necessary by the appropriate agency of the United  
13 States and the legislature for the proper and efficient  
14 administration of this act.

15 (3) All money requisitioned from the account of this state in  
16 the unemployment trust fund pursuant to a specific appropriation  
17 made by the legislature in accordance with section 903(c)(2) of  
18 title IX of the social security act, 42 U.S.C. 1103, and with  
19 section 17(3)(f), shall be deposited in the administration fund.  
20 Any money that remains unexpended at the close of the 2-year  
21 period beginning on the date of enactment of a specific  
22 appropriation shall be immediately redeposited with the secretary  
23 of the treasury of the United States to the credit of this  
24 state's account in the unemployment trust fund; or any money that  
25 for any reason cannot be expended or is not to be expended for  
26 the purpose for which appropriated before the close of this  
27 2-year period shall be redeposited at the earliest practicable

1 date.

2 (4) If any money received after June 30, 1941, from the  
3 appropriate agency of the United States under title III of the  
4 social security act, **chapter 531, 49 Stat. 620**, 42 U.S.C. 501 to  
5 504, or any unencumbered balances in the administration fund  
6 (Michigan employment security act) as of that date, or any money  
7 granted after that date to this state ~~pursuant to~~ **under** the  
8 Wagner-Peyser act, chapter 49, 48 Stat. 113, or any money made  
9 available by this state or its political subdivisions and matched  
10 by money granted to this state ~~pursuant to~~ **under** the  
11 Wagner-Peyser act, chapter 49, 48 Stat. 113, is found by the  
12 appropriate agency of the United States, because of any action or  
13 contingency, to have been lost or been expended for purposes  
14 other than, or in amounts in excess of, those found necessary by  
15 that agency of the United States for the proper administration of  
16 this act, the money shall be replaced by money appropriated for  
17 that purpose from the general funds of this state to the  
18 administration fund (Michigan employment security act) for  
19 expenditure as provided in this act. Upon receipt of notice of  
20 such a finding by the appropriate agency of the United States,  
21 the commission shall promptly report the amount required for  
22 replacement to the governor and the governor shall, at the  
23 earliest opportunity, submit to the legislature a request for the  
24 appropriation of that amount. This subsection shall not be  
25 construed to relieve this state of its obligation with respect to  
26 funds received prior to July 1, 1941, ~~pursuant to~~ **under** the  
27 provisions of title III of the social security act, **chapter 531,**

1 49 Stat. 620, 42 U.S.C. 501 to 504.

2 (5) If any funds expended or disbursed by the commission are  
3 found by the appropriate agency of the United States to have been  
4 lost or expended for purposes other than, or in amounts in excess  
5 of, those found necessary by that agency of the United States for  
6 the proper administration of this act, and if these funds are  
7 replaced as provided in subsection (4) by money appropriated for  
8 that purpose from the general fund of this state, then the  
9 director who approved the expenditure or disbursement of those  
10 funds for those purposes or in those amounts, shall be liable to  
11 this state in an amount equal to the sum of money appropriated to  
12 replace those funds. The director shall be required by the  
13 governor to post a proper bond in a sum not less than \$25,000.00  
14 to cover his or her liability as prescribed in this section, the  
15 cost of the bond to be paid from the general fund of this state.

16 (6) There is created in the department of treasury a separate  
17 fund to be known as the contingent fund (Michigan employment  
18 security act) into which shall be deposited all solvency taxes  
19 collected under section 19a and all interest on contributions,  
20 penalties, and damages collected under this act. Except as  
21 otherwise provided in subsections (7), ~~and~~ (8), **and (9)**, all  
22 amounts in the contingent fund (Michigan employment security act)  
23 and all earnings on those amounts are continuously appropriated  
24 without regard to fiscal year for the administration of the  
25 unemployment agency and for the payment of interest on advances  
26 from the federal government to the unemployment compensation fund  
27 under section 1201 of title XII of the social security act,

1 42 U.S.C. 1321, to be expended only if authorized by the  
2 unemployment agency. Money deposited from the solvency taxes  
3 collected ~~pursuant to~~ **under** section 19a shall not be used for  
4 the administration of the unemployment agency, except for the  
5 repayment of loans from the state treasury and interest on loans  
6 made under section 19a(3). However, an authorization or  
7 expenditure shall not be made as a substitution for a grant of  
8 federal funds or for any portion of a grant that, in the absence  
9 of an authorization, would be available to the commission.  
10 Immediately upon receipt of administrative grants from the  
11 appropriate agency of the United States to cover administrative  
12 costs for which the commission has authorized and made  
13 expenditures from the contingent fund, those grants shall be  
14 transferred to the contingent fund to the extent necessary to  
15 reimburse the contingent fund for the amount of those  
16 expenditures. Amounts needed to refund interest, damages, and  
17 penalties erroneously collected shall be withdrawn and expended  
18 for those purposes from the contingent fund upon order of the  
19 unemployment agency. Any amount authorized to be expended for  
20 administration ~~pursuant to~~ **under** this section may be  
21 transferred to the administration fund. An amount not needed for  
22 the purpose for which authorized shall, upon order of the  
23 unemployment agency, be returned to the contingent fund. Amounts  
24 needed to refund erroneously collected solvency taxes shall be  
25 withdrawn and expended for that purpose upon order of the  
26 unemployment agency.  
27 (7) On June 30, 2002, the unemployment agency shall authorize

1 the withdrawal of \$79,500,000.00 from the contingent fund  
2 (Michigan employment security act) for deposit into the general  
3 fund.

4 (8) At the close of the state fiscal year in 2002 and each  
5 year after 2002, all funds in the contingent fund (Michigan  
6 employment security act) in excess of \$15,000,000.00 shall lapse  
7 to the unemployment trust fund.

8 (9) The unemployment agency shall authorize the withdrawal of  
9 \$10,000,000.00 from the contingent fund (Michigan employment  
10 security act) for deposit into the general fund for the fiscal  
11 year ending September 30, 2004.