## SUBSTITUTE FOR

## SENATE BILL NO. 553

A bill to amend 1936 (Ex Sess) PA 1, entitled "Michigan employment security act,"

by amending section 11 (MCL 421.11), as amended by 1995 PA 25.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 11. (a) In the administration of this act, the commission
- 2 shall cooperate with the appropriate agency of the United States
- 3 under the social security act. The commission shall make reports,
- 4 in a form and containing information as the appropriate agency of
- 5 the United States may <del>from time to time</del> require, and shall comply
- 6 with such THE provisions as THAT the appropriate agency of the
- 7 United States may from time to time prescribe PRESCRIBES to
- 8 assure the correctness and verification of the reports. The
- 9 commission, subject to this act, shall comply with the regulations
- 10 prescribed by the appropriate agency of the United States relating
- 11 to the receipt or expenditure of -such THE sums -as may be THAT

- 1 ARE allotted and paid to this state for the purpose of assisting in
- 2 the administration of this act. As used in this section, "social
- 3 security act means the social security act, chapter 531, 49 Stat.
- 4 620.
- 5 (b)(1) Information obtained from any employing unit or
- 6 individual pursuant to the administration of this act, and
- 7 determinations as to the benefit rights of any individual shall be
- 8 held confidential and shall not be disclosed or open to public
- 9 inspection other than to public employees in the performance of
- 10 their official duties pursuant to UNDER this act in any manner
- 11 revealing the individual's or the employing unit's identity.
- 12 However, all of the following apply:
- 13 (i) Information in the commission's possession that  $\frac{\text{may}}{\text{may}}$  MIGHT
- 14 affect a claim for worker's disability compensation under the
- 15 worker's disability compensation act of 1969, Act No. 317 of the
- 16 Public Acts of 1969, being sections 418.101 to 418.941 of the
- 17 Michigan Compiled Laws 1969 PA 317, MCL 418.101 TO 418.941, shall
- 18 be available to interested parties, regardless of whether the
- 19 commission is a party to an action or proceeding arising under -Act
- 20 No. 317 of the Public Acts of 1969 THAT ACT.
- 21 (ii) Any information in the commission's possession that may
- 22 affect a claim for benefits or a charge to an employer's -rating
- 23 EXPERIENCE account shall be available to interested parties.
- 24 (iii) Except as provided in this act, -such THE information and
- 25 determinations shall not be used in any action or proceeding before
- 26 any court or administrative tribunal unless the commission is a
- 27 party to or a complainant in the action or proceeding, or unless

- 1 used for the prosecution of fraud, civil proceeding, or other legal
- 2 proceeding <del>pursuant to</del> IN THE PROGRAMS INDICATED IN subdivision
- **3** (2).
- 4 (iv) Any report or statement, written or verbal, made by any
- 5 person to the commission, any member of the commission, or to any
- 6 person engaged in administering this -law shall be- ACT IS a
- 7 privileged communication, and a person, firm, or corporation shall
- 8 not be held liable for slander or libel on account of a report or
- 9 statement. Such THE records and reports in the custody of the
- 10 commission shall be available for examination by the employer or
- 11 employee affected.
- 12 (v) Subject to restrictions —as—THAT the commission —may
- 13 PRESCRIBES by rule, prescribe, information in the commission's
- 14 possession may be made available to any agency of this or any other
- 15 state, or any federal agency, charged with the administration of an
- 16 unemployment compensation law or the maintenance of a system of
- 17 public employment offices; the bureau of internal revenue of the
- 18 United States department of the treasury; THE BUREAU OF THE CENSUS
- 19 OF THE ECONOMICS AND STATISTICS ADMINISTRATION OF THE UNITED STATES
- 20 DEPARTMENT OF COMMERCE; or the social security administration of
- 21 the United States department of health and human services.
- 22 (vi) Information obtained in connection with the administration
- 23 of the employment service may be made available to persons or
- 24 agencies for purposes appropriate to the operation of a public
- 25 employment service. Subject to -such restrictions -as THAT the
- 26 commission may PRESCRIBES by rule, prescribe, the commission
- 27 may also make —such— THAT information available to agencies of

- 1 other states -which THAT are responsible for the administration of
- 2 public assistance to unemployed workers, and to the departments of
- 3 this state. Information so released shall be used only for purposes
- 4 not inconsistent with the purposes of this act.
- 5 (vii) The commission may make available to the department of
- 6 treasury information collected for the income eligibility and
- 7 verification system begun on October 1, 1988 for the purpose of
- 8 detection of potential tax fraud in other areas.
- (vii) (viii)— Upon request, the commission shall furnish to any
- 10 agency of the United States charged with the administration of
- 11 public works or assistance through public employment, and may
- 12 furnish to any state agency similarly charged, the name, address,
- 13 ordinary occupation, and employment status of each recipient of
- 14 benefits and the recipient's rights to further benefits under this
- **15** act.
- 16 (viii) -(ix) Subject to restrictions -as the commission -may
- 17 prescribe PRESCRIBES, by rule or otherwise, the commission may
- 18 also make -such information THAT IT OBTAINS available to colleges,
- 19 universities, and public agencies of this state for use in
- 20 connection with research projects of a public service nature. A
- 21 person associated with <u>such</u> THOSE institutions or agencies shall
- 22 not disclose the information in any manner -which- THAT would
- 23 reveal the identity of any individual or employing unit from or
- 24 concerning whom the information was obtained by the commission.
- 25 (ix) -(x) The commission may request the comptroller of the
- 26 currency of the United States to cause an examination of the
- 27 correctness of any return or report of any national banking

- 1 association rendered -pursuant to UNDER this act, and may, in
- 2 connection with the request, transmit the report or return to the
- 3 comptroller of the currency of the United States as provided in
- 4 section 3305(c) of the internal revenue code, 26 USC 3305.
- 5 (2) The commission shall disclose to qualified requesting
- 6 agencies, upon request, with respect to an identified individual,
- 7 information in its records pertaining to the individual's name;
- 8 social security number; gross wages paid during each quarter; the
- 9 name, address, and federal and state employer identification number
- 10 of the individual's employer; any other wage information; whether
- 11 an individual is receiving, has received, or has applied for
- 12 unemployment benefits; the amount of unemployment benefits the
- 13 individual is receiving or is entitled to receive; the individual's
- 14 current or most recent home address; whether the individual has
- 15 refused an offer of work and if so a description of the job offered
- 16 including the terms, conditions, and rate of pay; and any other
- 17 information which the qualified requesting agency considers useful
- 18 in verifying eligibility for, and the amount of, benefits. For
- 19 purposes of this subdivision, "qualified requesting agency" means
- 20 any state or local child support enforcement agency responsible for
- 21 enforcing child support obligations under a plan approved under
- 22 part d of Title IV of the social security act, 42 U.S.C.
- 23 USC 651 to 669 669B; the United States department of health and
- 24 human services for purposes of establishing or verifying
- 25 eligibility or benefit amounts under Titles II and XVI of
- 26 the social security act, 42 -U.S.C. USC 401 to -433 434 and 42
- 27 U.S.C. USC 1381 to 1383d 1383F; the United States department of

- 1 agriculture for the purposes of determining eligibility for, and
- 2 amount of, benefits under the food stamp program established under
- 3 the food stamp act of 1977, 7 -U.S.C. USC 2011 to -2032 2036; and
- 4 any other state or local agency of this or any other state
- 5 responsible for administering the following programs:
- 6 (i) The aid to families with dependent children program under
- 7 part a of Title TITLE IV of the social security act, 42 U.S.C.
- 8 USC 601 to  $\frac{617}{100}$  619.
- 9 (ii) The medicaid program under -Title XIX of the social
- 10 security act, 42 <del>U.S.C.</del> **USC** 1396 to <del>1396u</del> 1396V.
- 11 (iii) The unemployment compensation program under section 3304
- 12 of the internal revenue code of 1954, 26 -U.S.C. USC 3304.
- (iv) The food stamp program under the food stamp act of 1977, 7
- 14 U.S.C. USC 2011 to  $\frac{2032}{}$  2036.
- 15 (v) Any state program under a plan approved under Title
- 16 TITLE I, X, XIV, or XVI of the social security act, 42 U.S.C. USC
- **17** 301 to 306, 42 <del>U.S.C.</del> **USC** 1201 to 1206, 42 <del>U.S.C.</del> **USC** 1351 to
- 18 1355, and 42 <del>U.S.C.</del> **USC** 1381 to <del>1383d</del> 1383F.
- 19 (vi) Any program administered under the social welfare act,
- 20 Act No. 280 of the Public Acts of 1939, being sections 400.1 to
- 21 400.119b of the Michigan Compiled Laws 1939 PA 280, MCL 400.1 TO
- 22 400.119B.
- 23 The information shall be disclosed only if the qualified
- 24 requesting agency has executed an agreement with the commission to
- 25 obtain such— THE information and if the information is requested
- 26 for the purpose of determining the eligibility of applicants for
- 27 benefits, or the type and amount of benefits for which applicants

- 1 are eligible, under any of the programs listed above or under
- 2 Titles TITLE II and XVI of the social security act; for
- 3 establishing and collecting child support obligations from, and
- 4 locating individuals owing such obligations which are being
- 5 enforced pursuant to a plan described in section 454 of the social
- 6 security act, 42 U.S.C. USC 654; or for investigating or
- 7 prosecuting alleged fraud under any of these programs.
- 8 The commission shall cooperate with the department of -social
- 9 HUMAN services in establishing the computer data matching system
- 10 authorized in section 83 of Act No. 280 of the Public Acts of
- 11 1939, being section 400.83 of the Michigan Compiled Laws THE
- 12 SOCIAL WELFARE ACT, 1939 PA 280, MCL 400.83, to transmit the
- 13 information requested on at least a quarterly basis. The
- 14 information shall not be released unless the qualified requesting
- 15 agency agrees to reimburse the commission for the costs incurred in
- 16 furnishing the information.
- 17 In addition to the requirements of this section, except as
- 18 later provided in this subdivision, all other requirements with
- 19 respect to confidentiality of information obtained in the
- 20 administration of this act shall apply to the use of the
- 21 information by the officers and employees of the qualified
- 22 requesting agencies, and the sanctions imposed under this act for
- 23 improper disclosure of the information shall be applicable to -such
- 24 THOSE officers and employees. A qualified requesting agency may
- 25 redisclose information only to the following individuals or
- 26 agencies: (1) the individual who is the subject of the
- 27 information,  $\frac{(2)}{}$  an attorney or other duly authorized agent

- 1 representing the individual if the information is needed in
- 2 connection with a claim for benefits against the requesting agency,
- 3 or -(3) any criminal or civil prosecuting -authorities AUTHORITY
- 4 acting for or on behalf of the requesting agency.
- 5 The commission is authorized to enter into an agreement with
- 6 any qualified requesting agency for the purposes described in this
- 7 subdivision. -Such THE agreement or agreements must comply with
- 8 all federal laws and regulations applicable to such agreements.
- 9 (3) The commission shall enable the United States department
- 10 of health and human services to obtain prompt access to any wage
- 11 and unemployment benefit claims information, including any
- 12 information that might be useful in locating an absent parent or an
- 13 absent parent's employer, for purposes of section 453 of the social
- 14 security act, 42 U.S.C. USC 653, in carrying out the child
- 15 support enforcement program under title IV OF THAT ACT. Access to
- 16 the information shall not be provided unless the requesting agency
- 17 agrees to reimburse the commission for the costs incurred in
- 18 furnishing the information.
- 19 (4) Upon request accompanied by presentation of a consent to
- 20 the release of information signed by an individual, the commission
- 21 shall disclose to the United States department of housing and urban
- 22 development and any state or local public housing agency
- 23 responsible for verifying an applicant's or participant's
- 24 eligibility for, or level of benefits in, any housing assistance
- 25 program administered by the United States department of housing and
- 26 urban development, the name, address, wage information, whether an
- 27 individual is receiving, has received, or has made application for

- 1 unemployment benefits, and the amount of unemployment benefits the
- 2 individual is receiving or is entitled to receive under this act.
- 3 This information shall be used only to determine an individual's
- 4 eligibility for benefits or the amount of benefits to which an
- 5 individual is entitled under a housing assistance program of the
- 6 United States department of housing and urban development. The
- 7 information shall not be released unless the requesting agency
- 8 agrees to reimburse the commission for the costs incurred in
- 9 furnishing the information. For purposes of this subsection,
- 10 "public housing agency" means an agency described in section
- 11 3(b)(6) of the United States housing act of 1937, 42 -U.S.C. USC
- **12** 1437a.
- 13 (5) THE COMMISSION MAY MAKE AVAILABLE TO THE DEPARTMENT OF
- 14 TREASURY INFORMATION COLLECTED FOR THE INCOME AND ELIGIBILITY
- 15 VERIFICATION SYSTEM BEGUN ON OCTOBER 1, 1988 FOR THE PURPOSE OF
- 16 DETECTION OF POTENTIAL TAX FRAUD IN OTHER AREAS.
- 17 (c) The commission is authorized to enter into agreements with
- 18 the appropriate agencies of other states or the federal government
- 19 whereby potential rights to benefits accumulated under the
- 20 unemployment compensation laws of other states or -such a law of
- 21 the federal government, or both, may constitute the basis for the
- 22 payment of benefits through a single appropriate agency under plans
- 23 which THAT the commission finds will be fair and reasonable -as
- 24 to all affected interests and will not result in substantial loss
- 25 to the unemployment compensation fund.
- 26 (d)(1) The commission is authorized to enter into reciprocal
- 27 agreements with the appropriate agencies of other states or of the

- 1 federal government adjusting the collection and payment of
- 2 contributions by employers with respect to employment not localized
- 3 within this state.
- 4 (2) The commission is authorized to enter into reciprocal
- 5 agreements with agencies of other states administering unemployment
- 6 compensation, whereby contributions paid by an employer to any
- 7 other state may be received by the other state as an agent acting
- 8 for and on behalf of this state to the same extent as if the
- 9 contributions had been paid directly to this state if the payment
- 10 is remitted to this state. Contributions so received by another
- 11 state shall be deemed contributions, required and paid under this
- 12 act as of the date the contributions were received by the other
- 13 state. The commission may collect contributions in a like manner
- 14 for agencies of other states administering unemployment
- 15 compensation and remit the contributions to the agencies under the
- 16 terms of the reciprocal agreements.
- (e) The commission may make the state's records relating to
- 18 the administration of this act available and may furnish to the
- 19 railroad retirement board or any other state or federal agency
- 20 administering an unemployment compensation law, at the expense of
- 21 that board, state, or agency, copies of the records as the railroad
- 22 retirement board deems necessary for its purpose.
- 23 (f) The commission may cooperate with or enter into agreements
- 24 with any agency of another state or of the United States charged
- 25 with the administration of any unemployment insurance or public
- 26 employment service law.
- 27 The commission is authorized to— MAY make investigations,

- 1 secure and transmit information, make available services and
- 2 facilities, and exercise other powers provided in this act with
- 3 respect to the administration of this act as it deems necessary or
- 4 appropriate to facilitate the administration of any unemployment
- 5 compensation or public employment service law, and -in like manner,
- 6 to MAY accept and utilize information, services, and facilities
- 7 made available to this state by the agency charged with the
- 8 administration of any other unemployment compensation or public
- 9 employment service law.
- 10 On request of an agency —which— THAT administers an employment
- 11 security law of another state or foreign government and -which
- 12 THAT has found, in accordance with that law, that a claimant is
- 13 liable to repay benefits received under that law, the commission
- 14 may collect the amount of the benefits from the claimant to be
- 15 refunded to the agency.
- In any case in which under this subsection a claimant is
- 17 liable to repay any amount to the agency of another state or
- 18 foreign government, the amount may be collected by civil action in
- 19 the name of the commission acting as agent for the agency. Court
- 20 costs shall be paid or guaranteed by the agency OF THAT STATE.
- 21 To the extent permissible under the laws and constitution of
- 22 the United States, the commission is authorized to enter into or
- 23 cooperate in arrangements whereby facilities and services provided
- 24 under this act and facilities and services provided under the
- 25 unemployment compensation law of the Dominion of Canada may be
- 26 utilized for the taking of claims and the payment of benefits under
- 27 the unemployment compensation law of this state or under a similar

- 1 law of the Dominion of Canada.
- 2 Any employer who is not a resident of this state and who
- 3 exercises the privilege of having 1 or more individuals perform
- 4 service for him or her within this state, and any resident employer
- 5 who exercises that privilege and thereafter leaves this state,
- 6 shall be deemed thereby IS CONSIDERED to -appoint HAVE APPOINTED
- 7 the secretary of state as his or her agent and attorney for the
- 8 acceptance of process in any civil action under this act. In
- 9 instituting such an THE action, against any employer, the
- 10 commission shall cause such— process or notice to be filed with
- 11 the secretary of state, and —such— THE service shall be sufficient
- 12 and shall be of the same force and validity as if served upon the
- 13 NONRESIDENT OR ABSENT employer personally within this state. The
- 14 commission immediately shall send notice of the service of process
- 15 or notice, together with a copy thereof, by registered mail, return
- 16 receipt requested, to the employer at his or her last known
- 17 address. The return receipt, the commission's affidavit of
- 18 compliance with this section, and a copy of the notice of service
- 19 shall be attached to the original of the process filed in the court
- 20 in which the civil action is pending.
- 21 The courts of this state shall recognize and enforce
- 22 liabilities, as provided in this act, for unemployment compensation
- 23 contributions, penalties, and interest imposed by other states
- 24 which extend a like comity to this state.
- 25 The attorney general -is empowered to MAY commence action in
- 26 the appropriate court of any other state or any other jurisdiction
- 27 of the United States by and in the name of the commission to

- 1 collect unemployment compensation contributions, penalties, and
- 2 interest finally determined, redetermined, or decided under this
- 3 act to be legally due this state. The officials of other states
- 4 which extend a like comity to this state -are empowered to MAY sue
- 5 in the courts of this state for the collection of unemployment
- 6 compensation contributions, penalties, and interest, the liability
- 7 for which has been similarly established under the laws of the
- 8 other state or jurisdiction. A certificate by the secretary of
- 9 another state under the great seal of that state attesting the
- 10 authority of the official or officials to collect unemployment
- 11 compensation contributions, penalties, and interest -shall be- IS
- 12 conclusive evidence of that authority.
- 13 The attorney general —is authorized to—MAY commence action in
- 14 this state as agent for or on behalf of any other state to enforce
- 15 judgments and established liabilities for unemployment compensation
- 16 taxes or contributions, penalties, and interest due the other state
- 17 if the other state extends a like comity to this state.
- 18 (g) The commission is also authorized to— MAY ALSO enter into
- 19 reciprocal agreements with the appropriate and authorized agencies
- 20 of other states or of the federal government whereby remuneration
- 21 and services, <del>upon the basis of which an individual may become</del>
- 22 entitled THAT DETERMINE ENTITLEMENT to benefits under the
- 23 unemployment compensation law of another state or of the federal
- 24 government, -shall be deemed to be ARE CONSIDERED wages and
- 25 employment for the purposes of sections 27 and 46, if the other
- 26 state agency or agency of the federal government has agreed to
- 27 reimburse the fund for that portion of benefits paid under this act

- 1 upon the basis of the remuneration and services as the commission
- 2 finds will be fair and reasonable as to all affected interests. -
- 3 and A RECIPROCAL AGREEMENT MAY PROVIDE THAT wages and employment,
- 4 on the basis of which an individual may become entitled THAT
- 5 DETERMINE ENTITLEMENT to benefits under this act, -shall be deemed
- 6 to be ARE CONSIDERED wages or services on the basis of which
- 7 unemployment compensation under the law of another state or of the
- 8 federal government is payable; , and whereby MAY PROVIDE THAT
- 9 services performed by an individual for a single employing unit for
- 10 which services are customarily performed by the individual in more
- 11 than 1 state shall be deemed to be ARE CONSIDERED services
- 12 performed entirely within any 1 of the states in which any part of
- 13 the individual's service is performed, in which the individual has
- 14 his or her residence, or in which the employing unit maintains a
- 15 place of business, if there is in effect as to such— THOSE
- 16 services, an election approved by the agency charged with the
- 17 administration of the state's unemployment compensation law,
- 18 pursuant to which all the services performed by the individual for
- 19 the employing unit are <u>deemed</u> CONSIDERED to be performed entirely
- 20 within the state; —, and —whereby MAY PROVIDE THAT the commission
- 21 will reimburse other state or federal agencies charged with the
- 22 administration of unemployment compensation laws with such
- 23 reasonable portion of benefits, paid under the law of any other
- 24 state or of the federal government upon the basis of employment and
- 25 wages, as the commission finds will be fair and reasonable as to
- 26 all affected interests. Reimbursements -so- payable -shall be
- 27 deemed to be UNDER THIS SUBSECTION ARE CONSIDERED benefits for the

- 1 purpose of limiting duration of benefits and for the purposes of
- 2 sections -20a 20(A) and 26, and the payments shall be charged to
- 3 the contributing employer's -rating- EXPERIENCE account for the
- 4 purposes of sections 17, 18, 19, and 20, or the reimbursing
- 5 employer's account under section 13c, -or 13g, 13I, OR 13l, as
- 6 applicable. Benefits paid under a combined wage plan shall be
- 7 allocated and charged to each employer involved in the quarter in
- 8 which the paying state requires reimbursement. Benefits charged to
- 9 this state shall be allocated to each employer of this state who
- 10 has employed the claimant during the base period of the paying
- 11 state in the same ratio that the wages earned by the claimant
- 12 during the base period of the paying state in the employ of the
- 13 employer bears to the total amount of wages earned by the claimant
- 14 in the base period of the paying state in the employ of all
- 15 employers of the state. The commission is authorized to make to
- 16 other state or federal agencies and receive from other state or
- 17 federal agencies reimbursements from or to the fund, in accordance
- 18 with arrangements made pursuant to this section.
- 19 (h) The commission is authorized and directed to MAY enter
- 20 into any agreement necessary in order that it may TO cooperate
- 21 with any agency of the United States charged with the
- 22 administration of any program for the payment of primary or
- 23 supplemental benefits to individuals recently discharged from the
- 24 military services of the United States, and to assist in the
- 25 establishing of eligibility and in the payments of benefits
- 26 thereunder UNDER THOSE PROGRAMS, and for those purposes may accept
- 27 and administer funds made available by the federal government and

- 1 may accept and exercise any delegated function as may be provided
- 2 thereunder UNDER THOSE PROGRAMS. The commission shall not have
- 3 power to enter into any agreement providing for, or exercise any
- 4 function connected with, the disbursement of the state's
- 5 unemployment trust fund for purposes not authorized by this act.
- **6** (i) The commission may enter into agreements with the
- 7 appropriate agency of the United States whereby UNDER WHICH, in
- 8 accordance with the laws of the United States, the commission, as
- 9 agent of the United States or from funds provided by the United
- 10 States, -shall provide PROVIDES for the payment of unemployment
- 11 compensation or unemployment allowances of any kind, including the
- 12 payment of any benefits and allowances that are made available for
- 13 manpower development, training, retraining, readjustment, and
- 14 relocation. The commission may receive and disburse funds from the
- 15 United States or any appropriate agency of the United States in
- 16 accordance with any such agreements.
- 17 If the federal enactment providing for unemployment
- 18 compensation, training allowance, or relocation payments requires
- 19 joint federal-state financing of such payments, the commission may
- 20 participate in the programs by using funds appropriated by the
- 21 legislature to the extent provided by the legislature for such
- 22 programs.
- 23 (j) The commission shall participate in any arrangement which
- 24 provides for the payment of compensation on the basis of combining
- 25 an individual's wages and employment covered under this act with
- 26 his or her wages and employment covered under the unemployment
- 27 compensation laws of other states, if the arrangement is approved

- 1 by the United States secretary of labor in consultation with the
- 2 state unemployment compensation agencies as reasonably calculated
- 3 to assure the prompt and full payment of compensation. An
- 4 arrangement shall include provisions for both of the following:
- **5** (i) Applying the base period of a single state law to a claim
- 6 involving the combining of an individual's wages and employment
- 7 covered under 2 or more state unemployment compensation laws.
- $oldsymbol{8}$  (ii) Avoiding the duplicate use of wages and employment as a
- 9 result of the combining.
- 10 (k) In a proceeding before any court, the commission and the
- 11 state shall be represented by the attorney general of this state or
- 12 attorneys designated by the attorney general. Only the attorney
- 13 general or other attorneys designated by the attorney general shall
- 14 act as legal counsel for the commission.