

HOUSE BILL No. 4448

March 16, 2011, Introduced by Rep. Somerville and referred to the Committee on Commerce.

A bill to amend 1936 (Ex Sess) PA 1, entitled
"Michigan employment security act,"
by amending section 10 (MCL 421.10), as amended by 2003 PA 84.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10. (1) There is created in the department of treasury a
2 special fund to be known and designated as the administration fund
3 (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 the
8 administration fund under this act shall be appropriated by the
9 legislature to the unemployment agency to pay the expenses of the
10 administration of this act.

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

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

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

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

15 (6) There is created in the department of treasury a separate
16 fund to be known as the contingent fund (Michigan employment
17 security act) into which shall be deposited all solvency taxes
18 collected under section 19a and all interest on contributions,
19 penalties, and damages collected under this act. Except as
20 otherwise provided in subsections (7), (8), ~~and (9)~~, **AND (10)**, all
21 amounts in the contingent fund (Michigan employment security act)
22 and all earnings on those amounts are continuously appropriated
23 without regard to fiscal year for the administration of the
24 unemployment agency and for the payment of interest on advances
25 from the federal government to the unemployment compensation fund
26 under section 1201 of title XII of the social security act, 42
27 ~~U.S.C.—USC~~ 1321, to be expended only if authorized by the

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

24 **(7) THERE IS CREATED IN THE DEPARTMENT OF TREASURY CONTINGENT**
25 **FUND A SEPARATE FUND TO BE KNOWN AS THE SPECIAL FRAUD CONTROL FUND**
26 **(MICHIGAN EMPLOYMENT SECURITY ACT). THE SPECIAL FRAUD CONTROL FUND**
27 **SHALL CONSIST OF MONEY COLLECTED OR RECEIVED BY THE UNEMPLOYMENT**

1 AGENCY AS FOLLOWS:

2 (A) ALL INTEREST COLLECTED UNDER SECTION 62.

3 (B) ALL GIFTS TO, INTEREST ON, OR PROFITS EARNED BY THE
4 SPECIAL FRAUD CONTROL FUND.

5 (C) THE MONEY IN THE SPECIAL FRAUD CONTROL FUND IS
6 CONTINUOUSLY APPROPRIATED ONLY TO THE UNEMPLOYMENT AGENCY AND MAY
7 NOT BE TRANSFERRED OR OTHERWISE MADE AVAILABLE TO ANY OTHER STATE
8 AGENCY.

9 (D) ALL AMOUNTS IN THE SPECIAL FRAUD CONTROL FUND ARE TO BE
10 USED FIRST FOR THE ACQUISITION OF PACKAGED SOFTWARE THAT HAS A
11 PROVEN RECORD OF SUCCESS WITH THE DETECTION AND COLLECTION OF
12 UNEMPLOYMENT BENEFIT OVERPAYMENTS AND THEN FOR ADMINISTRATIVE COSTS
13 ASSOCIATED WITH THE PREVENTION, DISCOVERY, AND COLLECTION OF
14 UNEMPLOYMENT BENEFIT OVERPAYMENTS, AS INCLUDED IN THE BIENNIAL
15 BUDGET OF THE UNEMPLOYMENT AGENCY AND APPROVED BY THE LEGISLATURE.
16 THE UNEMPLOYMENT AGENCY SHALL SUBMIT A REPORT TO THE CLERK OF THE
17 HOUSE OF REPRESENTATIVES AND THE SECRETARY OF THE SENATE AT THE
18 CLOSE OF THE 2-YEAR PERIOD THAT BEGINS ON THE EFFECTIVE DATE OF
19 THIS SUBSECTION, TO SHOW HOW THE MONEY FROM THE SPECIAL FRAUD
20 CONTROL FUND WAS USED AND THE RESULTS OBTAINED FROM THE SPECIAL
21 FRAUD CONTROL FUND.

22 (8) ~~(7)~~—On June 30, 2002, the unemployment agency shall
23 authorize the withdrawal of \$79,500,000.00 from the contingent fund
24 (Michigan employment security act) for deposit into the general
25 fund.

26 (9) ~~(8)~~—At the close of the state fiscal year in 2002 and each
27 year after 2002, all funds in the contingent fund (Michigan

1 employment security act) in excess of \$15,000,000.00 shall lapse to
2 the unemployment trust fund.

3 (10) ~~(9)~~—The unemployment agency shall authorize the
4 withdrawal of \$10,000,000.00 from the contingent fund (Michigan
5 employment security act) for deposit into the general fund for the
6 fiscal year ending September 30, 2004.

7 Enacting section 1. This amendatory act does not take effect
8 unless all of the following bills of the 96th Legislature are
9 enacted into law:

10 (a) Senate Bill No.____ or House Bill No. 4449(request no.
11 01742'11).

12 (b) Senate Bill No.____ or House Bill No. 4450(request no.
13 01743'11).

14 (c) Senate Bill No.____ or House Bill No. 4451(request no.
15 01744'11).