

HOUSE BILL No. 4954

September 4, 2013, Introduced by Rep. Goike and referred to the Committee on Commerce.

A bill to amend 1936 (Ex Sess) PA 1, entitled
"Michigan employment security act,"
by amending section 26 (MCL 421.26), as amended by 2005 PA 16.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 26. (a) There is established as a special fund, separate
2 and apart from all public money or funds of this state, an
3 unemployment compensation fund, herein referred to as the fund,
4 which shall be administered by the commission exclusively for the
5 purposes of this act. The fund shall consist of (1) all
6 contributions and payments in lieu of contributions collected under
7 the provisions of this act as well as reimbursement payments by the
8 federal government for its portion of sharable extended benefits;
9 (2) interest earned upon any moneys in the fund; (3) any property
10 or securities acquired through the use of money belonging to the

1 fund; (4) all earnings of such property or securities; (5) amounts
2 transferred from the contingent fund pursuant to section 10; (6)
3 all money collected, including fines, civil penalties, and
4 interest, under section 22b; ~~and~~ (7) **AMOUNTS CREDITED TO THE FUND**
5 **UNDER SECTION 54; AND** (8) any other money received by the
6 commission for unemployment compensation, except interest,
7 penalties, and damages collected under other provisions of this
8 act. All money in the fund shall be mingled and undivided.

9 (b) The commission shall designate a treasurer and custodian
10 of the fund who shall administer the fund in accordance with the
11 directions of the commission and shall issue his or her vouchers
12 upon it in accordance with the regulations as the commission
13 prescribes. The treasurer shall maintain within the fund 3 separate
14 accounts: (1) a clearing account, (2) an unemployment trust fund
15 account, and (3) a benefit account. All money payable to the fund,
16 upon receipt by the commission, shall be forwarded to the treasurer
17 who shall immediately deposit it in the clearing account. Refunds
18 payable pursuant to section 16 may be paid from the clearing
19 account upon vouchers issued by the treasurer under the direction
20 of the commission. After clearance of the vouchers, all other money
21 in the clearing account, except amounts needed for refunds and
22 judgments, shall be immediately deposited with the secretary of the
23 treasury of the United States of America to the credit of the
24 account of this state in the unemployment trust fund, established
25 and maintained pursuant to section 904 of the social security act,
26 42 USC 1104. The benefit account shall consist of all money
27 requisitioned from this state's account in the unemployment trust

1 fund. Except as otherwise provided in this act, money in the
2 clearing and benefit accounts may be deposited by the treasurer,
3 under the direction of the commission, in any depository designated
4 by the commission.

5 (c)(1) Except as provided in paragraph (2) of this subsection,
6 money shall be requisitioned from this state's account in the
7 unemployment trust fund solely for the payment of benefits and in
8 accordance with regulations prescribed by the commission. The
9 commission shall from time to time requisition from the
10 unemployment trust fund such amounts, not exceeding the amounts
11 standing to its account in that fund, as it deems necessary for the
12 payment of benefits for a reasonable future period. Upon receipt,
13 the treasurer shall deposit the requisitioned money in the benefit
14 account and shall issue his or her vouchers for the payment of
15 benefits solely from the benefit account. All vouchers issued by
16 the treasurer for the payment of benefits and refunds shall bear
17 the signature of the treasurer and the counter-signature of a
18 member of the commission or its duly authorized agent for that
19 purpose. Any balance of money requisitioned from the unemployment
20 trust fund which remains unclaimed or unpaid in the benefit account
21 after the expiration of the period for which the sums were
22 requisitioned shall either be deducted from estimates for, and may
23 be utilized for the payment of, benefits during succeeding periods,
24 or, in the discretion of the commission, shall be redeposited with
25 the secretary of the treasury of the United States of America, to
26 the credit of this state's account in the unemployment trust fund,
27 as provided in subsection (b).

1 (2) The commission may requisition from this state's account
2 in the unemployment trust fund such amounts, or portions thereof,
3 as have been specifically appropriated by the legislature for the
4 administration of this act in accordance with the provisions of
5 section 903(c)(2) of the federal social security act, 42 USC
6 1103(c)(2). Upon receipt, the treasurer shall deposit that money in
7 the administration fund, but it shall remain a part of the
8 unemployment compensation fund until expended.

9 (d) The provisions of subsections (a), (b), and (c), to the
10 extent that they relate to the unemployment trust fund, shall be
11 operative only while the unemployment trust fund continues to exist
12 and until the secretary of the treasury of the United States of
13 America continues to maintain for this state a separate account of
14 all funds deposited in it by this state for benefit purposes,
15 together with this state's proportionate share of the earnings of
16 the unemployment trust fund, from which no other state is permitted
17 to make withdrawals. If the unemployment trust fund ceases to
18 exist, or the separate account is no longer maintained, all money,
19 properties, or securities therein, belonging to the unemployment
20 compensation fund of this state, shall be transferred to the
21 treasurer of the unemployment compensation fund, who shall hold,
22 invest, transfer, sell, deposit, and release the money, properties,
23 or securities in a manner approved by the commission, in bonds or
24 other interest bearing obligations of the United States of America
25 or of this state. The investments shall be so made that all the
26 assets of the fund are readily convertible into cash when needed
27 for the payment of benefits. The treasurer shall dispose of

1 securities or other properties belonging to the unemployment
2 compensation fund only under the direction of the commission.

3 (e) The unemployment compensation fund shall be audited by the
4 auditor general at the times requested by the state administrative
5 board.

6 (f) The commission may designate an assistant treasurer who,
7 in the absence of the treasurer and custodian as designated by the
8 commission under the authority conferred upon it under subsection
9 (b), may perform the duties conferred upon the treasurer and
10 custodian under this act.

11 (g) The commission may enter into agreements that are
12 necessary to secure any advance or grant of funds by the secretary
13 of the treasury of the United States in accordance with the
14 authority extended under section 1201 of the social security act,
15 42 USC 1321, or under any other act of congress extending that
16 authority.

17 Any amount transferred to the unemployment trust fund by the
18 secretary of the treasury of the United States under the terms of
19 any agreement entered into in accordance with the authority
20 extended in this subsection shall be repaid to the secretary of the
21 treasury of the United States for the unemployment trust fund.

22 Whenever all interest bearing advances from the federal
23 government have been repaid, if employers will be able to avoid,
24 under the provisions of section 3302(g) of the federal unemployment
25 tax act, 26 USC 3302(g), direct payment of the additional federal
26 unemployment tax imposed under section 3302(c)(2) of the federal
27 unemployment tax act, 26 USC 3302(c)(2), funds sufficient to

1 qualify for avoidance shall be transferred from the account of this
2 state in the federal unemployment trust fund to the federal
3 unemployment account in that trust fund, unless precluded by
4 federal law.

5 Any interest required to be paid on advances under title XII
6 of the social security act, 42 USC 1321 to 1324, shall be paid in a
7 timely manner and shall not be paid, directly or indirectly by an
8 equivalent reduction in contributions or payments in lieu of
9 contributions, from amounts in this state's account in the federal
10 unemployment trust fund.

11 Enacting section 1. This amendatory act does not take effect
12 unless all of the following bills of the 97th Legislature are
13 enacted into law:

14 (a) Senate Bill No. ____ or House Bill No. 4950 (request no.
15 02824'13).

16 (b) Senate Bill No. ____ or House Bill No. 4951 (request no.
17 02825'13).

18 (c) Senate Bill No. ____ or House Bill No. 4952 (request no.
19 02826'13).

20 (d) Senate Bill No. ____ or House Bill No. 4949 (request no.
21 02987'13).

22 (e) Senate Bill No. ____ or House Bill No. 4953 (request no.
23 03440'13).