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House Bill 4404 (as passed by the House)
Sponsor: Representative Larry Inman
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 5-5-15

CONTENT

The bill would amend the Michigan Employment Security Act (MESA) to expand the allowable use of the Contingent Fund to include administration of the Talent Investment Agency in the Department of Talent and Economic Development, created by Executive Order 2014-12. Under current law, the Contingent Fund may be used for the administration of the Unemployment Insurance Agency (UIA), which was moved to the Talent Investment Agency by Executive Order 2014-12. The proposed change also would allow for Contingent Fund revenues to be used to support workforce training programs.

The Contingent Fund is split into two effective accounts. The first account contains Solvency Tax collections, which are collected from employers with negative unemployment insurance experience account balances if the State has outstanding Federal unemployment insurance (UI) advances under Title XII. These taxes have not been collected since Michigan's most recent Title XII loans were repaid in early 2012. The second account contains collections from penalties and interest paid by UI claimants and employers who engage in activities not permitted under MESA.

The bill would take effect October 1, 2015.

MCL 421.10

FISCAL IMPACT

The bill would have a neutral fiscal impact on the UIA and no fiscal impact on local units of government. The bill would not change the amount of revenue deposited into the Contingent Fund, but would expand the allowable use of the Fund, subject to the appropriation process. The fiscal year (FY) 2015-16 Licensing and Regulatory Affairs budget contains a new \$14.1 million appropriation from the Contingent Fund for Career Tech and Skilled Trades, which is likely not an allowable use of the Fund under current law, but would be under the bill.

The balance of the Contingent Fund has increased in the last few years. Recent changes to MESA have generally increased the amount of penalty and interest revenue collections by increasing penalties on prohibited actions, increasing penalty collections, and other implementing changes. The balance of the Fund was \$68.4 million at the end of FY 2013-14.

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