

# HOUSE BILL No. 4404

March 26, 2015, Introduced by Reps. Inman and Pscholka 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 2011 PA 269.

## 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 USC 1103(c)(2), and with section  
12 17(3)(f), shall be expended solely for the purposes and in the  
13 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 USC 1103(c)(2), and with  
20 section 17(3)(f), shall be deposited in the administration fund.  
21 Any money that remains unexpended at the close of the 2-year period  
22 beginning on the date of enactment of a specific appropriation  
23 shall be immediately redeposited with the secretary of the treasury  
24 of the United States to the credit of this state's account in the  
25 unemployment trust fund; or any money that for any reason cannot be  
26 expended or is not to be expended for the purpose for which  
27 appropriated before the close of this 2-year period shall be

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

26 (5) If any funds expended or disbursed by the ~~commission~~  
27 **UNEMPLOYMENT AGENCY** are found by the appropriate agency of the

1 United States to have been lost or expended for purposes other  
 2 than, or in amounts in excess of, those found necessary by that  
 3 agency of the United States for the proper administration of this  
 4 act, and if these funds are replaced as provided in subsection (4)  
 5 by money appropriated for that purpose from the general fund of  
 6 this state, then the director who approved the expenditure or  
 7 disbursement of those funds for those purposes or in those amounts,  
 8 is liable to this state in an amount equal to the sum of money  
 9 appropriated to replace those funds.

10 (6) There is created in the department of treasury a separate  
 11 fund to be known as the contingent fund (Michigan employment  
 12 security act) into which shall be deposited all solvency taxes  
 13 collected under section 19a and all interest on contributions,  
 14 penalties, and damages collected under this act. ~~Except as~~  
 15 ~~otherwise provided in subsections (8) and (9), all~~ **ALL** amounts in  
 16 the contingent fund (Michigan employment security act) and all  
 17 earnings on those amounts are continuously appropriated without  
 18 regard to fiscal year for the administration of the ~~unemployment~~  
 19 ~~agency~~ **TALENT INVESTMENT AGENCY, AS ESTABLISHED UNDER EXECUTIVE**  
 20 **REORGANIZATION ORDER NO. 2014-6, MCL 125.1995, INCLUDING, BUT NOT**  
 21 **LIMITED TO, THE DEVELOPMENT AND EXECUTION OF WORKFORCE TRAINING**  
 22 **PROGRAMS,** and for the payment of interest on advances from the  
 23 federal government to the unemployment compensation fund under 42  
 24 USC 1321, to be expended only if authorized by the unemployment  
 25 agency. Money deposited from the solvency taxes collected under  
 26 section 19a shall not be used for the administration of the  
 27 unemployment agency, except for the repayment of loans from the

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state treasury and interest on loans made under section 19a(3).

However, an authorization or expenditure shall not be made as a substitution for a grant of federal funds or for any portion of a grant that, in the absence of an authorization, would be available to the unemployment agency. Immediately upon receipt of administrative grants from the appropriate agency of the United States to cover administrative costs for which the unemployment agency has authorized and made expenditures from the contingent fund, those grants shall be transferred to the contingent fund to the extent necessary to reimburse the contingent fund for the amount of those expenditures. Amounts needed to refund interest, damages, and penalties erroneously collected shall be withdrawn and expended for those purposes from the contingent fund upon order of the unemployment agency. Any amount authorized to be expended for administration under this section may be transferred to the administration fund. An amount not needed for the purpose for which authorized shall, upon order of the unemployment agency, be returned to the contingent fund. Amounts needed to refund erroneously collected solvency taxes shall be withdrawn and expended for that purpose upon order of the unemployment agency.

Enacting section 1. This amendatory act takes effect [October 1, 2015. ]