

**SUBSTITUTE FOR
SENATE BILL NO. 141**

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2020; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the department of insurance and financial services for the fiscal year ending September 30, 2020, from the following funds:

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

APPROPRIATION SUMMARY

Full-time equated unclassified positions	6.0
Full-time equated classified positions	346.5



1	GROSS APPROPRIATION	\$	68,889,800
2	Interdepartmental grant revenues:		
3	IDG - LARA, for debt management		723,100
4	Total interdepartmental grants and intradepartmental		
5	transfers		723,100
6	ADJUSTED GROSS APPROPRIATION	\$	68,166,700
7	Federal revenues:		
8	Total federal revenues		1,017,600
9	Special revenue funds:		
10	Bank fees		6,562,600
11	Captive insurance regulatory and supervision fund		494,200
12	Consumer finance fees		3,171,900
13	Credit union fees		10,236,200
14	Deferred presentment service transaction fees		2,826,400
15	Insurance bureau fund		24,223,400
16	Insurance continuing education fees		952,400
17	Insurance licensing and regulation fees		10,628,600
18	MBLSLA fund		7,414,900
19	Multiple employer welfare arrangement		488,500
20	Total other state restricted revenues		66,999,100
21	State general fund/general purpose	\$	150,000
22	Sec. 102. DEPARTMENT SERVICES		
23	Full-time equated unclassified positions6.0		
24	Full-time equated classified positions22.5		
25	Unclassified salaries--6.0 FTE positions	\$	816,200
26	Administrative hearings		182,500
27	Department services--19.0 FTE positions		3,823,300
28	Executive director programs--3.5 FTE positions		1,091,900
29	Property management		1,283,500



1	Worker's compensation	2,900
2	GROSS APPROPRIATION	\$ 7,200,300
3	Appropriated from:	
4	Special revenue funds:	
5	Bank fees	523,600
6	Captive insurance regulatory and supervision fund	3,000
7	Consumer finance fees	207,700
8	Credit union fees	877,100
9	Deferred presentment service transaction fees	279,000
10	Insurance bureau fund	2,487,900
11	Insurance continuing education fees	65,700
12	Insurance licensing and regulation fees	1,934,700
13	MBLSLA fund	670,300
14	Multiple employer welfare arrangement	1,300
15	State general fund/general purpose	\$ 150,000
16	Sec. 103. INSURANCE AND FINANCIAL SERVICES REGULATION	
17	Full-time equated classified positions324.0	
18	Consumer services and protection--70.0 FTE positions ...	9,402,600
19	Financial institutions evaluation--133.0 FTE positions .	24,993,600
20	Insurance evaluation--121.0 FTE positions	\$ 25,017,300
21	GROSS APPROPRIATION	\$ 59,413,500
22	Appropriated from:	
23	Interdepartmental grant revenues:	
24	IDG - LARA, for debt management	723,100
25	Federal revenue:	
26	Federal revenues	1,017,600
27	Special revenue funds:	
28	Bank fees	5,811,100
29	Captive insurance regulatory and supervision fund	491,200



1	Consumer finance fees	2,870,200
2	Credit union fees	8,986,000
3	Deferred presentment service transaction fees	2,432,900
4	Insurance bureau fund	21,290,100
5	Insurance continuing education fees	863,700
6	Insurance licensing and regulation fees	7,958,500
7	MBLSLA fund	6,481,900
8	Multiple employer welfare arrangement	487,200
9	State general fund/general purpose	\$ 0

10 **Sec. 104. INFORMATION TECHNOLOGY**

11	Information technology services and projects	\$ 2,276,000
12	GROSS APPROPRIATION	\$ <u>2,276,000</u>

13 Appropriated from:

14 Special revenue funds:

15	Bank fees	227,900
16	Consumer finance fees	94,000
17	Credit union fees	373,100
18	Deferred presentment service transaction fees	114,500
19	Insurance bureau fund	445,400
20	Insurance continuing education fees	23,000
21	Insurance licensing and regulation fees	735,400
22	MBLSLA fund	262,700
23	State general fund/general purpose	\$ 0

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26 PART 2

27 PROVISIONS CONCERNING APPROPRIATIONS

28 FOR FISCAL YEAR 2019-2020

29 **GENERAL SECTIONS**



1 Sec. 201. Pursuant to section 30 of article IX of the state
2 constitution of 1963, total state spending from state sources under
3 part 1 for fiscal year 2019-2020 is \$67,149,100.00 and state
4 spending from state sources to be paid to local units of government
5 for fiscal year 2019-2020 is \$0.

6 Sec. 202. The appropriations authorized under part 1 are
7 subject to the management and budget act, 1984 PA 431, MCL 18.1101
8 to 18.1594.

9 Sec. 203. As used in this part and part 1:

10 (a) "Department" means the department of insurance and
11 financial services.

12 (b) "Director" means the director of the department.

13 (c) "FTE" means full-time equated.

14 (d) "IDG" means interdepartmental grant.

15 (e) "LARA" means the department of licensing and regulatory
16 affairs.

17 (f) "MBLSLA fund" means the restricted account established
18 under section 8 of the mortgage brokers, lenders, and servicers
19 licensing act, 1987 PA 173, MCL 445.1658.

20 (g) "Subcommittees" means the subcommittees of the house of
21 representatives and senate appropriations committees with
22 jurisdiction over the budget for the department.

23 Sec. 204. The department and agencies receiving appropriations
24 in part 1 shall use the internet to fulfill the reporting
25 requirements of this part. This requirement may include
26 transmission of reports via electronic mail to the recipients
27 identified for each reporting requirement, or it may include
28 placement of reports on an internet or intranet site.

29 Sec. 205. Funds appropriated in part 1 must not be used for



1 the purchase of foreign goods or services, or both, if
2 competitively priced and of comparable quality American goods or
3 services, or both, are available. Preference must be given to goods
4 or services, or both, manufactured or provided by Michigan
5 businesses, if they are competitively priced and of comparable
6 quality. In addition, preference must be given to goods or
7 services, or both, that are manufactured or provided by Michigan
8 businesses owned and operated by veterans, if they are
9 competitively priced and of comparable quality.

10 Sec. 206. The director shall take all reasonable steps to
11 ensure businesses in deprived and depressed communities compete for
12 and perform contracts to provide services or supplies, or both. The
13 director shall strongly encourage firms with which the department
14 contracts to subcontract with certified businesses in depressed and
15 deprived communities for services, supplies, or both.

16 Sec. 207. (1) Out-of-state travel shall be limited to
17 situations where the travel is approved by a departmental
18 employee's immediate supervisor and in which 1 or more of the
19 following conditions apply:

20 (a) The travel is required by legal mandate or court order or
21 for law enforcement purposes.

22 (b) The travel is necessary to protect the health or safety of
23 Michigan citizens or visitors or to assist other states in similar
24 circumstances.

25 (c) The travel is necessary to produce budgetary savings or to
26 increase state revenues, including protecting existing federal
27 funds or securing additional federal funds.

28 (d) The travel is necessary to comply with federal
29 requirements.



1 (e) The travel is necessary to secure specialized training for
2 staff that is not available within this state.

3 (f) The travel is financed entirely by federal or nonstate
4 funds.

5 (2) The department shall not approve the travel of more than 1
6 departmental employee to a specific professional development
7 conference or training seminar that is located outside of this
8 state unless a professional development conference or training
9 seminar is funded by a federal or private funding source and
10 requires more than 1 individual from the department to attend, or
11 the conference or training seminar includes multiple issues in
12 which 1 employee from the department does not have expertise.

13 (3) Not later than January 1, the department shall prepare a
14 travel report listing all travel by classified and unclassified
15 employees outside this state in the immediately preceding fiscal
16 year that was funded in whole or in part with funds appropriated in
17 the department's budget. The department shall submit the report to
18 the senate and house of representatives standing committees on
19 appropriations, the senate and house fiscal agencies, and the state
20 budget director. The report must include the following information:

21 (a) The name of each person receiving reimbursement for travel
22 outside this state or whose travel costs were paid by this state.

23 (b) The destination of each travel occurrence.

24 (c) The dates of each travel occurrence.

25 (d) A brief statement of the reason for each travel
26 occurrence.

27 (e) The transportation and related costs of each travel
28 occurrence, including the proportion funded with state general
29 fund/general purpose revenues, the proportion funded with state



1 restricted revenues, the proportion funded with federal revenues,
2 and the proportion funded with other revenues.

3 (f) A total of all out-of-state travel funded for the
4 immediately preceding fiscal year.

5 Sec. 208. Funds appropriated in part 1 must not be used by a
6 principal executive department, state agency, or authority to hire
7 a person to provide legal services that are the responsibility of
8 the attorney general. This prohibition does not apply to legal
9 services for bonding activities and for those outside services that
10 the attorney general authorizes.

11 Sec. 209. Not later than November 30, the state budget office
12 shall prepare and transmit a report that provides for estimates of
13 the total general fund/general purpose appropriation lapses at the
14 close of the prior fiscal year. This report must summarize the
15 projected year-end general fund/general purpose appropriation
16 lapses by major departmental program or program areas. The state
17 budget office shall transmit the report to the chairpersons of the
18 senate and house of representatives appropriations committees and
19 the senate and house fiscal agencies.

20 Sec. 211. The department shall cooperate with the department
21 of technology, management, and budget to maintain a searchable
22 website accessible by the public at no cost that includes, but is
23 not limited to, all of the following for each department or agency:

24 (a) Fiscal-year-to-date expenditures by category.

25 (b) Fiscal-year-to-date expenditures by appropriation unit.

26 (c) Fiscal-year-to-date payments to a selected vendor,
27 including the vendor name, payment date, payment amount, and
28 payment description.

29 (d) The number of active department employees by job



1 classification.

2 (e) Job specifications and wage rates.

3 Sec. 212. Within 14 days after the release of the executive
4 budget recommendation, the department shall cooperate with the
5 state budget office to provide the senate and house of
6 representatives appropriations committee chairs, the senate and
7 house appropriations subcommittees chairs, and the senate and house
8 fiscal agencies with an annual report on estimated state restricted
9 fund balances, state restricted fund projected revenues, and state
10 restricted fund expenditures for the fiscal years ending September
11 30, 2019 and September 30, 2020.

12 Sec. 213. The department shall maintain, on a publicly
13 accessible website, a department scorecard that identifies, tracks,
14 and regularly updates key metrics that are used to monitor and
15 improve the department's performance.

16 Sec. 214. Total authorized appropriations from all sources
17 under part 1 for legacy costs for the fiscal year ending September
18 30, 2020 are estimated at \$9,068,100.00. From this amount, total
19 agency appropriations for pension-related legacy costs are
20 estimated at \$4,408,200.00. Total agency appropriations for retiree
21 health care legacy costs are estimated at \$4,659,900.00.

22 Sec. 215. Unless prohibited by law, the department may accept
23 credit card or other electronic means of payment for licenses,
24 fees, or permits.

25 Sec. 218. The department shall not take disciplinary action
26 against an employee for communicating with a member of the
27 legislature or his or her staff.

28 Sec. 219. The department shall not develop or produce any
29 television or radio productions.



1 Sec. 220. The department, in conjunction with the department
2 of health and human services, shall maintain an accounting
3 structure within this state's accounting system that will allow
4 expenditures associated with the administration of the Healthy
5 Michigan plan to be identified.

6 Sec. 221. The amount appropriated from the general fund in
7 part 1 for executive director programs may only be expended to
8 comply with reporting requirements regarding the Healthy Michigan
9 plan under section 105d(9) of the social welfare act, 1939 PA 280,
10 MCL 400.105d.

11 Sec. 222. From the funds appropriated in part 1 from the
12 insurance bureau fund, funds may be expended to support legislative
13 participation in insurance activities coordinated by insurance and
14 legislative associations, in accordance with section 225 of the
15 insurance code of 1956, 1956 PA 218, MCL 500.225.

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17 **INSURANCE AND FINANCIAL SERVICES REGULATION**

18 Sec. 301. The department shall provide a report to the
19 subcommittees, the senate and house fiscal agencies, and the state
20 budget director by September 30 based on the annual rate filings
21 from health insurance issuers that includes all of the following:

22 (a) The number that are approved by the department.

23 (b) The number that are denied by the department.

24 (c) The percentage of rate filings processed within the
25 applicable statutory time frames.

26 (d) The average number of calendar days to process rate
27 filings.

28 Sec. 302. In addition to the funds appropriated in part 1, the
29 funds collected by the department in connection with a



1 conservatorship under section 32 of the mortgage brokers, lenders,
2 and servicers licensing act, 1987 PA 173, MCL 445.1682, and funds
3 collected by the department from corporations being liquidated
4 under the insurance code of 1956, 1956 PA 218, MCL 500.100 to
5 500.8302, must be appropriated for all expenses necessary to
6 provide for the required services. Funds are available for
7 expenditure when they are received by the department of treasury
8 and must not lapse to the general fund at the end of the fiscal
9 year.

10 Sec. 303. The department may make available to interested
11 entities customized listings of nonconfidential information in its
12 possession. The department may establish and collect a reasonable
13 charge to provide this service. The revenue from this service is
14 appropriated when received and must be used to offset expenses to
15 provide the service. Any balance of this revenue collected and
16 unexpended at the end of the fiscal year must lapse to the
17 appropriate restricted fund.

