

# HOUSE BILL NO. 4900

September 03, 2019, Introduced by Reps. Camilleri, Elder, Love, Sowerby, Clemente, Cherry, Sneller, Sabo, Lasinski, Brixie, Brenda Carter, Liberati, Tate, Rabhi, Stone, Manoogian, Pohutsky, Kennedy, Shannon, Garza, Hope, Hood, Gay-Dagnogo, Hertel, Witwer, Ellison, Chirkun, Warren, Whitsett, Kuppa, Pagan, Guerra, Bolden, Cambensy, Haadsma, Hoadley, Wittenberg, Jones, Garrett, Neeley, Cynthia Johnson, Hammoud, Greig, Coleman, Yancey, Anthony and Robinson and referred to the Committee on Commerce and Tourism.

A bill to amend 1936 (Ex Sess) PA 1, entitled  
"Michigan employment security act,"  
by amending section 10 (MCL 421.10), as amended by 2016 PA 517.

## 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



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1 shall be carried over as a part of the administration fund and  
2 shall not revert to the general fund of this state. Except as  
3 otherwise provided in subsection (3), all money deposited into the  
4 administration fund under this act shall be appropriated by the  
5 legislature to the unemployment agency to pay the expenses of the  
6 administration of this act.

7 (2) The administration fund shall be credited with all money  
8 appropriated to the fund by the legislature, all money received  
9 from the United States or any agency of the United States for that  
10 purpose, and all money received by this state for the fund. All  
11 money in the administration fund that is received from the federal  
12 government or any agency of the federal government or that is  
13 appropriated by this state for the purposes of this act, except  
14 money requisitioned from the account of this state in the  
15 unemployment trust fund pursuant to a specific appropriation made  
16 by the legislature in accordance with section 903(c)(2) of title IX  
17 of the social security act, 42 USC 1103(c)(2), and with section  
18 17(3)(f), shall be expended solely for the purposes and in the  
19 amounts found necessary by the appropriate agency of the United  
20 States and the legislature for the proper and efficient  
21 administration of this act.

22 (3) All money requisitioned from the account of this state in  
23 the unemployment trust fund pursuant to a specific appropriation  
24 made by the legislature in accordance with section 903(c)(2) of  
25 title IX of the social security act, 42 USC 1103(c)(2), and with  
26 section 17(3)(f), shall be deposited in the administration fund.  
27 Any money that remains unexpended at the close of the 2-year period  
28 beginning on the date of enactment of a specific appropriation  
29 shall be immediately redeposited with the secretary of the treasury



1 of the United States to the credit of this state's account in the  
2 unemployment trust fund; or any money that for any reason cannot be  
3 expended or is not to be expended for the purpose for which  
4 appropriated before the close of this 2-year period shall be  
5 redeposited at the earliest practicable date.

6 (4) If any money received after June 30, 1941, from the  
7 appropriate agency of the United States under ~~title III of the~~  
8 ~~social security act, 42 USC 501 to 504,~~ **chapter 7, subchapter 3**, or  
9 any unencumbered balances in the administration fund (Michigan  
10 employment security act) as of that date, or any money granted  
11 after that date to this state under the Wagner-Peyser act, as  
12 defined in section 12, or any money made available by this state or  
13 its political subdivisions and matched by money granted to this  
14 state under the Wagner-Peyser act, is found by the appropriate  
15 agency of the United States, because of any action or contingency,  
16 to have been lost or been expended for purposes other than, or in  
17 amounts in excess of, those found necessary by that agency of the  
18 United States for the proper administration of this act, the money  
19 shall be replaced by money appropriated for that purpose from the  
20 general funds of this state to the administration fund (Michigan  
21 employment security act) for expenditure as provided in this act.  
22 Upon receipt of notice of such a finding by the appropriate agency  
23 of the United States, the unemployment agency shall promptly report  
24 the amount required for replacement to the governor and the  
25 governor shall, at the earliest opportunity, submit to the  
26 legislature a request for the appropriation of that amount. ~~This~~  
27 ~~subsection does not relieve this state of its obligation with~~  
28 ~~respect to funds received prior to July 1, 1941, under the~~  
29 ~~provisions of 42 USC 501 to 504.~~



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

12 (6) There is created in the department of treasury a separate  
13 fund to be known as the contingent fund (Michigan employment  
14 security act) into which shall be deposited all solvency taxes  
15 collected under section 19a and all interest on contributions,  
16 penalties, and damages collected under this act. ~~Except as provided~~  
17 ~~in subsection (7), all~~ **All** amounts in the contingent fund (Michigan  
18 employment security act) and all earnings on those amounts are  
19 continuously appropriated without regard to fiscal year for the  
20 administration of the talent investment agency, as established  
21 under Executive Reorganization Order No. 2014-6, MCL 125.1995,  
22 including, but not limited to, the development and execution of  
23 workforce training programs, and for the payment of interest on  
24 advances from the federal government to the unemployment  
25 compensation fund under **section 1201 of the social security act**, 42  
26 USC 1321, to be expended only if authorized by the unemployment  
27 agency. Money deposited from the solvency taxes collected under  
28 section 19a shall not be used for the administration of the  
29 unemployment agency, except for the repayment of loans from the



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

21 ~~(7) For the fiscal year ending September 30, 2017 only,~~  
22 ~~\$10,000,000.00 of the money in the contingent fund created in~~  
23 ~~subsection (6) is transferred to and shall be deposited into the~~  
24 ~~general fund.~~

25 **(7) Notwithstanding any other provisions of this section, an**  
26 **amount is reserved in the contingent fund for the following**  
27 **purposes:**

28 **(a) Payments to claimants for benefits, interest, damages, and**  
29 **penalties recovered as a result of erroneous, computer-identified**



1 fraud determinations made from January 1, 2013 through December 31,  
2 2015. A claimant is entitled to interest on those erroneously  
3 collected benefits, interest, damages, and penalties at a rate of  
4 1% per month.

5 (b) Payments to claimants for any out-of-pocket expenses  
6 incurred as a result of an erroneous, computer-identified fraud  
7 determination made from January 1, 2013 through December 31, 2015,  
8 including, but not limited to, expenses associated with litigation  
9 or a bankruptcy proceeding.

10 (c) Payments for credit monitoring and repair services for  
11 claimants whose credit score was reduced as a result of an  
12 erroneous, computer-identified fraud determination made from  
13 January 1, 2013 through December 31, 2015. The unemployment agency  
14 shall provide these payments to a claimant for a reasonable period  
15 of time to ensure that the claimant's credit score is at the same  
16 level as before the erroneous determination was made.

17 (8) The unemployment agency shall not use money in the  
18 contingent fund for any purpose other than the purposes in  
19 subsection (7) until after all of the payments under subsection (7)  
20 have been made or all of the conditions under subsection (7) have  
21 been met.

22 (9) It is the intent of the legislature that, if the  
23 contingent fund does not contain sufficient money to fulfill the  
24 purposes of subsection (7), an amount necessary to fulfill those  
25 purposes be deposited into the contingent fund from the general  
26 fund of this state.

27 Enacting section 1. This amendatory act takes effect 90 days  
28 after the date it is enacted into law.

