

## RECOVERY OF IMPROPERLY PAID UNEMPLOYMENT BENEFITS

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5265 as introduced**  
**Sponsor: Rep. John N. Damoose**  
**Committee: Oversight**  
**Complete to 9-14-21**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 5265 would amend section 62 of the Michigan Employment Security Act, which addresses the actions to be taken when the Unemployment Insurance Agency (UIA) determines that a person has obtained benefits he or she is not entitled to or when the agency or an appellate authority reverses a prior qualification for benefits.

The act currently allows the UIA to recover the amount of the benefits that the individual was not eligible to receive, plus interest. However, except in the case of an intentional false statement, misrepresentation, or concealment of material information, the UIA is required to waive recovery of an improperly paid benefit, as well as any interest, if repayment would be *contrary to equity and good conscience*.

*Contrary to equity and good conscience* means one of three scenarios, including a situation in which the improper payments resulted from an administrative or clerical error by the UIA. To this scenario, the bill would add a situation in which the improper payments were a result of any other error by the UIA that occurred after March 12, 2020, and before July 1, 2021.

Note that a requirement to repay benefits under the above provision as the result of a change in judgment at any level of administrative adjudication or court decision concerning the facts or application of law to a claim adjudication is not an administrative or clerical error for purposes of waiving recovery of improperly paid benefits.

MCL 421.62

### FISCAL IMPACT:

House Bill 5265 would have an indeterminate fiscal impact on the Department of Labor and Economic Opportunity, which houses the UIA. By including all UIA errors occurring during the given period in the definition of “contrary to equity and good conscience,” the bill would prevent the UIA from pursuing and obtaining repayment of remitted benefits and interest. The number of cases that this change would theoretically impact would likely number in the hundreds of thousands (as claimants with issues related to federal programs would be included in this definition). The practical impact of this change is difficult to quantify, as existing UIA policy with respect to concerns regarding the federal benefit would be codified by this bill.

Legislative Analyst: Susan Stutzky  
Fiscal Analyst: Marcus Coffin

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.