EMPLOYMENT SECURITY FINANCING ACT (EXCERPT)
Act 267 of 2011

12.293 Creation, perfection, priority, and enforcement of pledge of revenue or other security; negotiability of bonds.

Sec. 23. (1) This act governs the creation, perfection, priority, and enforcement of any pledge of revenues or other security made by the authority under this act. Each pledge of the authority is valid and binding as of the time the pledge is made. The encumbered revenues, reserves or earnings pledged, or earnings on the investment of the encumbered revenues, reserves, or earnings pledged are immediately subject to the lien created under the pledge without any physical delivery or further act. The lien is valid and binding against all parties having claims of any kind in tort, contract, or otherwise against the authority, whether or not the parties have notice of the lien or pledge or whether the pledge or lien has been recorded. The resolution or other instrument by which a pledge is created is not required to be recorded.

(2) This act also governs the negotiability of bonds issued under this act. Any bonds issued under this act are fully negotiable within the meaning and for all purposes of the uniform commercial code, 1962 PA 174, MCL 440.1101 to 440.11102. By accepting the bond or obligation, each owner of a bond or other obligation of the authority shall be conclusively considered to have agreed that the bond is and shall be fully negotiable within the meaning and for all purposes of the uniform commercial code, 1962 PA 174, MCL 440.1101 to 440.11102.

History: 2011, Act 267, Imd. Eff. Dec. 19, 2011.

Compiler's note: Enacting section 1 of Act 267 of 2011 provides:

"Enacting section 1. The legislature finds and declares all of the following:

(a) It is an essential governmental function to maintain funds in an amount sufficient to pay unemployment benefits when due.

(b) At the time of the enactment of this act, unemployment benefits payments are made from Michigan's account in the unemployment trust fund of the United States treasury and are funded by employer contributions.

(c) At the time of the enactment of this act, borrowing from the federal government through loans from the federal unemployment trust fund is the only option available to obtain sufficient funds to pay benefits when the balance in Michigan's account in the unemployment trust fund of the United States treasury is insufficient to make necessary payments.

(d) Alternative methods of replenishing this state's account in the unemployment trust fund of the United States treasury may reduce the costs of providing unemployment benefits and employers' cost of doing business in the state.

(e) It is in this state's best interests to authorize the issuance of bonds when appropriate for the purpose of continuing the unemployment insurance program at the lowest possible cost to this state and employers in this state and to avoid reductions in the employer unemployment tax credit.

(f) Execution by the authority of its powers granted under this act fulfill in all respects an essential governmental function and public purpose for the benefit of and in furtherance of the public health and welfare of the people of this state."

Enacting section 2 of Act 267 of 2011 provides:

"Enacting section 2. The legislature determines that the creation of the authority by Executive Reorganization Order No. 2010-2, MCL 12.194, and the carrying out of its authorized purposes under this act are in all respects public and governmental purposes for the benefit of the people of this state and for the improvement of their health, safety, welfare, comfort, and security, and that these purposes are public purposes and that the authority will be performing an essential governmental function in the exercise of the powers conferred upon it by this act."

For the transfer of powers and duties of the department of licensing and regulatory affairs and the powers and duties of the director of the department of licensing and regulatory affairs to the department of labor and economic opportunity, see E.R.O. No. 2019-3, compiled at MCL 125.1998.