

**SUBSTITUTE FOR
SENATE BILL NO. 189**

A bill to make appropriations for the department of insurance and financial services and certain other state purposes for the fiscal year ending September 30, 2014; to provide for the expenditure of those appropriations; to provide for the imposition of certain fees; to provide for the disposition of fees and other income received by the state agencies; to provide for reports to certain persons; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 1
LINE-ITEM APPROPRIATIONS
FOR FISCAL YEAR 2013-2014

Sec. 101. The amounts listed in this part are appropriated for

the department of insurance and financial services, subject to the conditions set forth in this act, for the fiscal year ending September 30, 2014, from the funds identified in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

APPROPRIATION SUMMARY

Full-time equated unclassified positions..... 6.0

Full-time equated classified positions..... 347.0

GROSS APPROPRIATION..... \$ 76,335,500

Interdepartmental grant revenues:

Total interdepartmental grants and intradepartmental

transfers 707,600

ADJUSTED GROSS APPROPRIATION..... \$ 75,627,900

Federal revenues:

Total federal revenues..... 2,000,000

Special revenue funds:

Total local revenues..... 0

Total private revenues..... 0

Total other state restricted revenues..... 61,627,900

State general fund/general purpose..... \$ 12,000,000

State general fund/general purpose schedule:

Ongoing state general fund/general

purpose 12,000,000

One-time state general fund/general

purpose 0

Sec. 102. DEPARTMENTAL ADMINISTRATION

1	Full-time equated unclassified positions.....	6.0	
2	Full-time equated classified positions.....	41.0	
3	Unclassified salaries--6.0 FTE positions.....		\$ 700,000
4	Department services--41.0 FTE positions.....		8,967,000
5	Property management.....		792,000
6	Rent.....		258,800
7	Worker's compensation.....		<u>12,700</u>
8	GROSS APPROPRIATION.....		\$ 10,730,500
9	Appropriated from:		
10	Interdepartmental grant revenues:		
11	Federal revenues:		
12	Special revenue funds:		
13	Bank fees.....		1,330,000
14	Consumer finance fees.....		632,800
15	Credit union fees.....		1,123,700
16	Deferred presentment service transaction fees.....		500,600
17	Insurance bureau fund.....		3,409,500
18	Insurance continuing education fees.....		221,600
19	Insurance licensing and regulation fees.....		2,827,000
20	MBLSLA fund.....		685,300
21	State general fund/general purpose.....		\$ 0
22	Sec. 103. INSURANCE AND FINANCIAL SERVICES REGULATION		
23	Full-time equated classified positions.....	306.0	
24	Financial evaluation--176.0 FTE positions.....		\$ 31,824,800
25	Regulatory compliance and consumer assistance--130.0		
26	FTE positions		<u>19,529,000</u>
27	GROSS APPROPRIATION.....		\$ 51,353,800

1	Appropriated from:	
2	Interdepartmental grant revenues:	
3	IDG - LARA.....	707,600
4	Federal revenues:	
5	Federal revenues.....	2,000,000
6	Special revenue funds:	
7	Bank fees.....	6,742,300
8	Captive insurance regulatory and supervision fund....	279,400
9	Consumer finance fees.....	4,129,600
10	Credit union fees.....	6,207,500
11	Deferred presentment service transaction fees.....	2,525,100
12	Insurance bureau fund.....	18,964,000
13	Insurance continuing education fees.....	886,300
14	Insurance licensing and regulation fees.....	4,725,600
15	MBLSLA fund.....	4,107,000
16	Multiple employer welfare arrangement.....	79,400
17	State general fund/general purpose.....	\$ 0
18	Sec. 104. INFORMATION TECHNOLOGY	
19	Information technology services and projects.....	\$ <u>2,251,200</u>
20	GROSS APPROPRIATION.....	\$ 2,251,200
21	Appropriated from:	
22	Interdepartmental grant revenues:	
23	Federal revenues:	
24	Special revenue funds:	
25	Bank fees.....	253,800
26	Consumer finance fees.....	35,400
27	Credit union fees.....	251,400

1	Deferred presentment service transaction fees	114,100
2	Insurance bureau fund.....	728,800
3	Insurance continuing education fees.....	11,300
4	Insurance licensing and regulation fees.....	752,300
5	MBLSLA fund.....	104,100
6	State general fund/general purpose.....	\$ 0
7	Sec. 105. AUTISM COVERAGE	
8	Autism coverage fund.....	\$ <u>12,000,000</u>
9	GROSS APPROPRIATION.....	\$ 12,000,000
10	Appropriated from:	
11	Interdepartmental grant revenues:	
12	Federal revenues:	
13	Special revenue funds:	
14	State general fund/general purpose.....	\$ 12,000,000

15 PART 2

16 PROVISIONS CONCERNING APPROPRIATIONS

17 FOR FISCAL YEAR 2013-2014

18 **GENERAL SECTIONS**

19 Sec. 201. Pursuant to section 30 of article IX of the state
 20 constitution of 1963, total state spending from state resources
 21 under part 1 for fiscal year 2013-2014 is \$73,627,900.00 and state
 22 spending from state resources to be paid to local units of
 23 government for fiscal year 2013-2014 is \$0.00.

24 Sec. 202. The appropriations authorized under this act are
 25 subject to the management and budget act, 1984 PA 431, MCL 18.1101

1 to 18.1594.

2 Sec. 203. As used in this act:

3 (a) "Department" means the department of insurance and
4 financial services.

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

6 (c) "Fiscal agencies" means Michigan house fiscal agency and
7 Michigan senate fiscal agency.

8 (d) "Subcommittees" means all members of the subcommittees of
9 the house and senate appropriations committees with jurisdiction
10 over the budget for the department.

11 Sec. 208. Unless otherwise specified, the department shall use
12 the Internet to fulfill the reporting requirements of this act.
13 This requirement may include transmission of reports via electronic
14 mail to the recipients identified for each reporting requirement,
15 or it may include placement of reports on an Internet or Intranet
16 site.

17 Sec. 209. Funds appropriated in part 1 shall not be used for
18 the purchase of foreign goods or services, or both, if
19 competitively priced and of comparable quality American goods or
20 services, or both, are available. Preference shall be given to
21 goods or services, or both, manufactured or provided by Michigan
22 businesses, if they are competitively priced and of comparable
23 quality. In addition, preference shall be given to goods or
24 services, or both, that are manufactured or provided by Michigan
25 businesses owned and operated by veterans, if they are
26 competitively priced and of comparable quality.

27 Sec. 212. The department and agencies receiving appropriations

1 in part 1 shall receive and retain copies of all reports funded
2 from appropriations in part 1. Federal and state guidelines for
3 short-term and long-term retention of records shall be followed.
4 The department may electronically retain copies or reports unless
5 otherwise required by federal and state guidelines.

6 Sec. 215. The department shall not take disciplinary action
7 against an employee for communicating with a member of the
8 legislature or his or her staff.

9 Sec. 216. Not later than November 30, the department shall
10 work with the state budget office to prepare and transmit a report
11 that provides for estimates of the total general fund/general
12 purpose appropriation lapses at the close of the prior fiscal year.
13 This report shall summarize the projected year-end general
14 fund/general purpose appropriation lapses by major departmental
15 program or program areas. The report shall be transmitted to the
16 state budget office, the chairpersons of the senate and house
17 appropriations committees, and the senate and house fiscal
18 agencies.

19 Sec. 217. (1) Due to the current budgetary problems in this
20 state, out-of-state travel shall be limited to situations in which
21 1 or more of the following conditions apply:

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

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

27 (c) The travel is necessary to produce budgetary savings or to

1 increase state revenues, including protecting existing federal
2 funds or securing additional federal funds.

3 (d) The travel is necessary to comply with federal
4 requirements.

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

7 (f) The travel is financed entirely by federal or nonstate
8 funds.

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

17 (3) Not later than January 1, each department shall prepare a
18 travel report listing all travel by classified and unclassified
19 employees outside this state in the immediately preceding fiscal
20 year that was funded in whole or in part with funds appropriated in
21 the department's budget. The report shall be submitted to the
22 senate and house appropriations committees, the senate and house
23 fiscal agencies, and the state budget director. The report shall
24 include the following information:

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

27 (b) The destination of each travel occurrence.

1 (c) The dates of each travel occurrence.

2 (d) A brief statement of the reason for each travel
3 occurrence.

4 (e) The transportation and related costs of each travel
5 occurrence, including the proportion funded with state general
6 fund/general purpose revenues, the proportion funded with state
7 restricted revenues, the proportion funded with federal revenues,
8 and the proportion funded with other revenues.

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

11 Sec. 221. Funds appropriated in part 1 shall not be used by a
12 principal executive department, state agency, or authority to hire
13 a person to provide legal services that are the responsibility of
14 the attorney general. This prohibition does not apply to legal
15 services for bonding activities and for those outside services that
16 the attorney general authorizes.

17 Sec. 223. (1) In addition to the funds appropriated in part 1,
18 there is appropriated an amount not to exceed \$1,000,000.00 for
19 federal contingency funds. These funds are not available for
20 expenditure until they have been transferred to another line item
21 in this act under section 393(2) of the management and budget act,
22 1984 PA 431, MCL 18.1393.

23 (2) In addition to the funds appropriated in part 1, there is
24 appropriated an amount not to exceed \$5,000,000.00 for state
25 restricted contingency funds. These funds are not available for
26 expenditure until they have been transferred to another line item
27 in this act under section 393(2) of the management and budget act,

1 1984 PA 431, MCL 18.1393.

2 (3) In addition to the funds appropriated in part 1, there is
3 appropriated an amount not to exceed \$200,000.00 for local
4 contingency funds. These funds are not available for expenditure
5 until they have been transferred to another line item in this act
6 under section 393(2) of the management and budget act, 1984 PA 431,
7 MCL 18.1393.

8 (4) In addition to the funds appropriated in part 1, there is
9 appropriated an amount not to exceed \$200,000.00 for private
10 contingency funds. These funds are not available for expenditure
11 until they have been transferred to another line item in this act
12 under section 393(2) of the management and budget act, 1984 PA 431,
13 MCL 18.1393.

14 Sec. 228. Unless prohibited by law, the department may accept
15 credit card or other electronic means of payment for licenses,
16 fees, or permits.

17 Sec. 229. The department shall maintain, on a publicly
18 accessible website, a department scorecard that identifies, tracks,
19 and regularly updates key metrics that are used to monitor and
20 improve the department's performance.

21 Sec. 231. The department shall cooperate with the department
22 of technology, management, and budget to maintain a searchable
23 website accessible by the public at no cost that includes, but is
24 not limited to, all of the following for each department or agency:

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

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

27 (c) Fiscal year-to-date payments to a selected vendor,

1 including the vendor name, payment date, payment amount, and
2 payment description.

3 (d) The number of active department employees by job
4 classification.

5 (e) Job specifications and wage rates.

6 Sec. 232. The department shall not develop or produce any
7 television or radio productions.

8 Sec. 234. Within 14 days after the release of the executive
9 budget recommendation, the department shall cooperate with the
10 state budget office to provide the senate and house appropriations
11 chairs, the senate and house appropriations subcommittees chairs,
12 and the senate and house fiscal agencies with an annual report on
13 estimated state restricted fund balances, state restricted fund
14 projected revenues, and state restricted fund expenditures for the
15 fiscal years ending September 30, 2013 and September 30, 2014.

16 **INSURANCE AND FINANCIAL SERVICES REGULATION**

17 Sec. 341. The department shall not promulgate or adopt a rule
18 more stringent than the applicable federal standard unless
19 specifically authorized by statute.

20 Sec. 391. In addition to the funds appropriated in part 1, the
21 funds collected by the office of financial and insurance regulation
22 in connection with a conservatorship pursuant to section 32 of the
23 mortgage brokers, lenders, and servicers licensing act, 1987 PA
24 173, MCL 445.1682, and funds collected by the department from
25 corporations being liquidated pursuant to the insurance code of
26 1956, 1956 PA 218, MCL 500.100 to 500.8302, shall be appropriated

1 for all expenses necessary to provide for the required services.
2 Funds are available for expenditure when they are received by the
3 department of treasury and shall not lapse to the general fund at
4 the end of the fiscal year.

5 **AUTISM COVERAGE**

6 Sec. 801. Of the amount appropriated in part 1 for the autism
7 coverage fund, \$12,000,000.00 is appropriated and may be expended
8 by the department as provided in the autism coverage reimbursement
9 act, 2012 PA 101, MCL 550.1831 to 550.1841.

10 Sec. 802. (1) From the funds appropriated in part 1, the
11 department shall produce a report that contains all of the
12 following information on the autism coverage program for the fiscal
13 year ending September 30, 2014:

14 (a) The number of reimbursements for diagnosis or treatment in
15 each county.

16 (b) The average cost of a diagnosis reimbursement.

17 (c) The average cost of a treatment reimbursement.

18 (2) By September 30, 2014, the department shall provide the
19 report required under subsection (1) to the house and senate
20 appropriations committees, the fiscal agencies, and the state
21 budget director using all available information at that time.

22 PART 2A

23 PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS

24 FOR FISCAL YEAR 2014-2015

25 **GENERAL SECTIONS**

1 Sec. 1201. It is the intent of the legislature to provide
2 appropriations for the fiscal year ending on September 30, 2015 for
3 the line items listed in part 1. The fiscal year 2014-2015
4 appropriations are anticipated to be the same as those for fiscal
5 year 2013-2014, except that the line items will be adjusted for
6 changes in caseload and related costs, federal fund match rates,
7 economic factors, and available revenue. These adjustments will be
8 determined after the January 2014 consensus revenue estimating
9 conference.

10 Sec. 1202. It is the intent of the legislature that the
11 department identify the amounts for normal retirement costs and
12 legacy retirement costs for the fiscal year ending on September 30,
13 2015 for the line items listed in part 1.