

# HOUSE BILL No. 6535

December 3, 2002, Introduced by Rep. Caul and referred to the Committee on Appropriations.

A bill to amend 1936 (Ex Sess) PA 1, entitled  
"Michigan employment security act,"  
by amending section 10 (MCL 421.10), as amended by 2002 PA 192.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 10. (1) There is created in the department of treasury  
2 a special fund to be known and designated as the administration  
3 fund (Michigan employment security act). Any balances in the  
4 administration fund at the end of any fiscal year of this state  
5 shall be carried over as a part of the administration fund and  
6 shall not revert to the general fund of this state. Except as  
7 otherwise provided in subsection (3), all money deposited into  
8 the administration fund under this act shall be appropriated by  
9 the legislature to the unemployment agency to pay the expenses of  
10 the administration of this act.

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

16           (3) All money requisitioned from the account of this state  
17 in the unemployment trust fund pursuant to a specific appropria-  
18 tion made by the legislature in accordance with section 903(c)(2)  
19 of title IX of the social security act, 42 U.S.C. 1103, and with  
20 section 17(3)(f), shall be deposited in the administration fund.  
21 Any money that remains unexpended at the close of the 2-year  
22 period beginning on the date of enactment of a specific appropri-  
23 ation shall be immediately redeposited with the secretary of the  
24 treasury of the United States to the credit of this state's  
25 account in the unemployment trust fund; or any money that for any  
26 reason cannot be expended or is not to be expended for the

1 purpose for which appropriated before the close of this 2-year  
2 period shall be redeposited at the earliest practicable date.

3 (4) If any money received after June 30, 1941, from the  
4 appropriate agency of the United States under title III of the  
5 social security act, CHAPTER 531, 49 STAT. 620, 42 U.S.C. 501 to  
6 504, or any unencumbered balances in the administration fund  
7 (Michigan employment security act) as of that date, or any money  
8 granted after that date to this state ~~pursuant to~~ UNDER the  
9 Wagner-Peyser act, chapter 49, 48 Stat. 113, or any money made  
10 available by this state or its political subdivisions and matched  
11 by money granted to this state ~~pursuant to~~ UNDER the  
12 Wagner-Peyser act, chapter 49, 48 Stat. 113, is found by the  
13 appropriate agency of the United States, because of any action or  
14 contingency, to have been lost or been expended for purposes  
15 other than, or in amounts in excess of, those found necessary by  
16 that agency of the United States for the proper administration of  
17 this act, the money shall be replaced by money appropriated for  
18 that purpose from the general funds of this state to the adminis-  
19 tration fund (Michigan employment security act) for expenditure  
20 as provided in this act. Upon receipt of notice of such a find-  
21 ing by the appropriate agency of the United States, the commis-  
22 sion shall promptly report the amount required for replacement to  
23 the governor and the governor shall, at the earliest opportunity,  
24 submit to the legislature a request for the appropriation of that  
25 amount. This subsection shall not be construed to relieve this  
26 state of its obligation with respect to funds received prior to  
27 July 1, 1941, ~~pursuant to~~ UNDER the provisions of title III of

1 the social security act, CHAPTER 531, 49 STAT. 620, 42 U.S.C. 501  
2 to 504.

3 (5) If any funds expended or disbursed by the commission are  
4 found by the appropriate agency of the United States to have been  
5 lost or expended for purposes other than, or in amounts in excess  
6 of, those found necessary by that agency of the United States for  
7 the proper administration of this act, and if these funds are  
8 replaced as provided in subsection (4) by money appropriated for  
9 that purpose from the general fund of this state, then the direc-  
10 tor who approved the expenditure or disbursement of those funds  
11 for those purposes or in those amounts, shall be liable to this  
12 state in an amount equal to the sum of money appropriated to  
13 replace those funds. The director shall be required by the gov-  
14 ernor to post a proper bond in a sum not less than \$25,000.00 to  
15 cover his or her liability as prescribed in this section, the  
16 cost of the bond to be paid from the general fund of this state.

17 (6) There is created in the department of treasury a sepa-  
18 rate fund to be known as the contingent fund (Michigan employment  
19 security act) into which shall be deposited all solvency taxes  
20 collected under section 19a and all interest on contributions,  
21 penalties, and damages collected under this act. Except as oth-  
22 erwise provided in subsections (7), ~~and~~ (8), AND (9), all  
23 amounts in the contingent fund (Michigan employment security act)  
24 and all earnings on those amounts are continuously appropriated  
25 without regard to fiscal year for the administration of the unem-  
26 ployment agency and for the payment of interest on advances from  
27 the federal government to the unemployment compensation fund

1 under section 1201 of title XII of the social security act,  
2 42 U.S.C. 1321, to be expended only if authorized by the unem-  
3 ployment agency. Money deposited from the solvency taxes col-  
4 lected ~~pursuant to~~ UNDER section 19a shall not be used for the  
5 administration of the unemployment agency, except for the repay-  
6 ment of loans from the state treasury and interest on loans made  
7 under section 19a(3). However, an authorization or expenditure  
8 shall not be made as a substitution for a grant of federal funds  
9 or for any portion of a grant that, in the absence of an authori-  
10 zation, would be available to the commission. Immediately upon  
11 receipt of administrative grants from the appropriate agency of  
12 the United States to cover administrative costs for which the  
13 commission has authorized and made expenditures from the contin-  
14 gent fund, those grants shall be transferred to the contingent  
15 fund to the extent necessary to reimburse the contingent fund for  
16 the amount of those expenditures. Amounts needed to refund  
17 interest, damages, and penalties erroneously collected shall be  
18 withdrawn and expended for those purposes from the contingent  
19 fund upon order of the unemployment agency. Any amount autho-  
20 rized to be expended for administration ~~pursuant to~~ UNDER this  
21 section may be transferred to the administration fund. An amount  
22 not needed for the purpose for which authorized shall, upon order  
23 of the unemployment agency, be returned to the contingent fund.  
24 Amounts needed to refund erroneously collected solvency taxes  
25 shall be withdrawn and expended for that purpose upon order of  
26 the unemployment agency.

1           (7) On June 30, 2002, the unemployment agency shall  
2 authorize the withdrawal of \$79,500,000.00 from the contingent  
3 fund (Michigan employment security act) for deposit into the gen-  
4 eral fund.

5           (8) At the close of the state fiscal year in 2002 and each  
6 year after 2002, all funds in the contingent fund (Michigan  
7 employment security act) in excess of \$15,000,000.00 shall lapse  
8 to the unemployment trust fund.

9           (9) THE UNEMPLOYMENT AGENCY SHALL AUTHORIZE THE WITHDRAWAL  
10 OF \$10,000,000.00 FROM THE CONTINGENT FUND (MICHIGAN EMPLOYMENT  
11 SECURITY ACT) FOR DEPOSIT INTO THE GENERAL FUND FOR EACH FISCAL  
12 YEAR STARTING WITH THE FISCAL YEAR ENDING SEPTEMBER 30, 2002 AND  
13 CONTINUING EACH FISCAL YEAR THROUGH THE CLOSE OF THE FISCAL YEAR  
14 ENDING SEPTEMBER 30, 2004.