

SENATE BILL No. 615

May 27, 2009, Introduced by Senators KAHN, PATTERSON, BIRKHOLZ, ALLEN, PAPPAGEORGE, BROWN, JANSEN, CROSEY, VAN WOERKOM and SANBORN 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 2003 PA 84.

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
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 the
8 administration fund under this act shall be appropriated by the
9 legislature to the unemployment agency to pay the expenses of the

1 administration of this act.

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

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

1 for which appropriated before the close of this 2-year period shall
2 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.~~ **USC** 501
6 to 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 under the Wagner-Peyser act,
9 chapter 49, 48 Stat. 113, or any money made available by this state
10 or its political subdivisions and matched by money granted to this
11 state under the Wagner-Peyser act, chapter 49, 48 Stat. 113, is
12 found by the appropriate agency of the United States, because of
13 any action or contingency, to have been lost or been expended for
14 purposes other than, or in amounts in excess of, those found
15 necessary by that agency of the United States for the proper
16 administration of this act, the money shall be replaced by money
17 appropriated for that purpose from the general funds of this state
18 to the administration fund (Michigan employment security act) for
19 expenditure as provided in this act. Upon receipt of notice of such
20 a finding by the appropriate agency of the United States, the
21 commission shall promptly report the amount required for
22 replacement to the governor and the governor shall, at the earliest
23 opportunity, submit to the legislature a request for the
24 appropriation of that amount. This subsection shall not be
25 construed to relieve this state of its obligation with respect to
26 funds received prior to July 1, 1941, under the provisions of title
27 III of the social security act, ~~chapter 531, 49 Stat. 620, 42~~

1 ~~U.S.C.~~ **USC** 501 to 504.

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

16 (6) There is created in the department of treasury a separate
17 fund to be known as the contingent fund (Michigan employment
18 security act) into which shall be deposited all solvency taxes
19 collected under section 19a and all interest on contributions,
20 penalties, and damages collected under this act. Except as
21 otherwise provided in subsections (7), (8), ~~and~~ (9), **AND (10)**, all
22 amounts in the contingent fund (Michigan employment security act)
23 and all earnings on those amounts are continuously appropriated
24 without regard to fiscal year for the administration of the
25 unemployment agency and for the payment of interest on advances
26 from the federal government to the unemployment compensation fund
27 under section 1201 of title XII of the social security act, 42

~~U.S.C.—USC~~ 1321, to be expended only if authorized by the unemployment agency. Money deposited from the solvency taxes collected under section 19a shall not be used for the administration of the unemployment agency, except for the repayment of loans from the state treasury and interest on loans made under section 19a(3). However, an authorization or expenditure shall not be made as a substitution for a grant of federal funds or for any portion of a grant that, in the absence of an authorization, would be available to the commission. Immediately upon receipt of administrative grants from the appropriate agency of the United States to cover administrative costs for which the commission has authorized and made expenditures from the contingent fund, those grants shall be transferred to the contingent fund to the extent necessary to reimburse the contingent fund for the amount of those expenditures. Amounts needed to refund interest, damages, and penalties erroneously collected shall be withdrawn and expended for those purposes from the contingent fund upon order of the unemployment agency. Any amount authorized to be expended for administration under this section may be transferred to the administration fund. An amount not needed for the purpose for which authorized shall, upon order of the unemployment agency, be returned to the contingent fund. Amounts needed to refund erroneously collected solvency taxes shall be withdrawn and expended for that purpose upon order of the unemployment agency.

(7) THERE IS CREATED IN THE DEPARTMENT OF TREASURY CONTINGENT FUND A SEPARATE FUND TO BE KNOWN AS THE SPECIAL FRAUD CONTROL FUND (MICHIGAN EMPLOYMENT SECURITY ACT). THE SPECIAL FRAUD CONTROL FUND

1 SHALL CONSIST OF MONEY COLLECTED OR RECEIVED BY THE UNEMPLOYMENT
2 INSURANCE AGENCY AS FOLLOWS:

3 (A) ALL INTEREST AND PENALTIES COLLECTED UNDER SECTION 62.

4 (B) ALL GIFTS TO, INTEREST ON, OR PROFITS EARNED BY THE
5 SPECIAL FRAUD CONTROL FUND.

6 (C) THE MONEY IN THE SPECIAL FRAUD CONTROL FUND IS
7 CONTINUOUSLY APPROPRIATED ONLY TO THE UNEMPLOYMENT INSURANCE AGENCY
8 AND MAY NOT BE TRANSFERRED OR OTHERWISE MADE AVAILABLE TO ANY OTHER
9 STATE AGENCY.

10 (D) ALL AMOUNTS IN THE SPECIAL FRAUD CONTROL FUND ARE TO BE
11 USED FIRST FOR THE ACQUISITION OF PACKAGED SOFTWARE THAT HAS A
12 PROVEN RECORD OF SUCCESS WITH THE DETECTION AND COLLECTION OF
13 UNEMPLOYMENT BENEFIT OVERPAYMENTS AND THEN FOR ADMINISTRATIVE COSTS
14 ASSOCIATED WITH THE PREVENTION, DISCOVERY, AND COLLECTION OF
15 UNEMPLOYMENT BENEFIT OVERPAYMENTS, AS INCLUDED IN THE BIENNIAL
16 BUDGET OF THE UNEMPLOYMENT INSURANCE AGENCY AND APPROVED BY THE
17 LEGISLATURE. THE UNEMPLOYMENT INSURANCE AGENCY SHALL SUBMIT A
18 REPORT TO THE CLERK OF THE HOUSE OF REPRESENTATIVES AND THE
19 SECRETARY OF THE SENATE AT THE CLOSE OF THE 2-YEAR PERIOD THAT
20 BEGINS ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS
21 SUBSECTION, TO SHOW HOW THE MONEY FROM THE SPECIAL FRAUD CONTROL
22 FUND WAS USED AND THE RESULTS OBTAINED FROM THE SPECIAL FRAUD
23 CONTROL FUND.

24 (8) ~~(7)~~—On June 30, 2002, the unemployment agency shall
25 authorize the withdrawal of \$79,500,000.00 from the contingent fund
26 (Michigan employment security act) for deposit into the general
27 fund.

1 (9) ~~(8)~~—At the close of the state fiscal year in 2002 and each
2 year after 2002, all funds in the contingent fund (Michigan
3 employment security act) in excess of \$15,000,000.00 shall lapse to
4 the unemployment trust fund.

5 (10) ~~(9)~~—The unemployment agency shall authorize the
6 withdrawal of \$10,000,000.00 from the contingent fund (Michigan
7 employment security act) for deposit into the general fund for the
8 fiscal year ending September 30, 2004.

9 Enacting section 1. This amendatory act does not take effect
10 unless all of the following bills of the 95th Legislature are
11 enacted into law:

12 (a) Senate Bill No. _____ or House Bill No. _____ (request no.
13 01821'09).

14 (b) Senate Bill No. 614.

15
16 (c) Senate Bill No. 613.

17
18 (d) Senate Bill No. 612.