

**SUBSTITUTE FOR
SENATE BILL NO. 136**

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2018; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 1

2 LINE-ITEM APPROPRIATIONS

3 Sec. 101. There is appropriated for the department of
4 insurance and financial services for the fiscal year ending
5 September 30, 2018, from the following funds:

6 **DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

7 APPROPRIATION SUMMARY

8 Full-time equated unclassified positions 6.0

9 Full-time equated classified positions 336.5

10 GROSS APPROPRIATION \$ 66,741,400

1	Interdepartmental grant revenues:	
2	Total interdepartmental grants and intradepartmental	
3	transfers.....	707,600
4	ADJUSTED GROSS APPROPRIATION	\$ 66,033,800
5	Federal revenues:	
6	Total federal revenues	2,014,700
7	Special revenue funds:	
8	Total other state restricted revenues	63,869,100
9	State general fund/general purpose	\$ 150,000
10	State general fund/general purpose schedule:	
11	Ongoing state general fund/general	
12	purpose	150,000
13	One-time state general fund/general	
14	purpose	0
15	Sec. 102. DEPARTMENT SERVICES	
16	Full-time equated unclassified positions	6.0
17	Full-time equated classified positions	22.5
18	Unclassified salaries--6.0 FTE positions	\$ 769,100
19	Administrative hearings	182,500
20	Department services--19.0 FTE positions	3,752,200
21	Executive director programs--3.5 FTE positions	1,066,400
22	Property management	1,244,200
23	Worker's compensation	<u>4,700</u>
24	GROSS APPROPRIATION	\$ 7,019,100
25	Appropriated from:	
26	Special revenue funds:	
27	Bank fees	615,100

1	Captive insurance regulatory and supervision fund	4,100
2	Consumer finance fees	271,400
3	Credit union fees	810,500
4	Deferred presentment service transaction fees	368,200
5	Insurance bureau fund	2,232,200
6	Insurance continuing education fees	69,600
7	Insurance licensing and regulation fees	1,860,300
8	MBLSLA fund	636,400
9	Multiple employer welfare arrangement	1,300
10	State general fund/general purpose \$	150,000
11	Sec. 103. INSURANCE AND FINANCIAL SERVICES REGULATION	
12	Full-time equated classified positions 314.0	
13	Consumer services and protection--64.0 FTE positions . \$	8,660,800
14	Financial institutions evaluation--132.0 FTE positions	24,354,400
15	Insurance evaluation--118.0 FTE positions	<u>24,480,500</u>
16	GROSS APPROPRIATION \$	57,495,700
17	Appropriated from:	
18	Interdepartmental grant revenues:	
19	IDG-LARA, for debt management	707,600
20	Federal revenue:	
21	Federal revenues	2,014,700
22	Special revenue funds:	
23	Bank fees	6,059,600
24	Captive insurance regulatory and supervision fund	285,100
25	Consumer finance fees	3,073,200
26	Credit union fees	8,023,300
27	Deferred presentment service transaction fees	3,306,500

1	Insurance bureau fund	21,242,800
2	Insurance continuing education fees	998,900
3	Insurance licensing and regulation fees	5,928,700
4	MBLSLA fund	5,572,900
5	Multiple employer welfare arrangement	282,400
6	State general fund/general purpose	\$ 0
7	Sec. 104. INFORMATION TECHNOLOGY	
8	Information technology services and projects	\$ <u>2,226,600</u>
9	GROSS APPROPRIATION	\$ 2,226,600
10	Appropriated from:	
11	Special revenue funds:	
12	Bank fees	197,900
13	Consumer finance fees	90,100
14	Credit union fees	261,800
15	Deferred presentment service transaction fees	108,000
16	Insurance bureau fund	634,200
17	Insurance continuing education fees	22,500
18	Insurance licensing and regulation fees	716,900
19	MBLSLA fund	195,200
20	State general fund/general purpose	\$ 0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2017-2018

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state

1 constitution of 1963, total state spending from state resources
2 under part 1 for fiscal year 2017-2018 is \$64,019,100.00 and state
3 spending from state resources to be paid to local units of
4 government for fiscal year 2017-2018 is \$0.

5 Sec. 202. The appropriations authorized under this part and
6 part 1 are subject to the management and budget act, 1984 PA 431,
7 MCL 18.1101 to 18.1594.

8 Sec. 203. As used in this part and part 1:

9 (a) "Department" means the department of insurance and
10 financial services.

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

12 (c) "FTE" means full-time equated.

13 (d) "IDG" means interdepartmental grant.

14 (e) "LARA" means the department of licensing and regulatory
15 affairs.

16 (f) "MBLSLA fund" means the restricted account established
17 under section 8 of the mortgage brokers, lenders, and servicers
18 licensing act, 1987 PA 173, MCL 445.1658.

19 (g) "Subcommittees" means the subcommittees of the house of
20 representatives and senate appropriations committees with
21 jurisdiction over the budget for the department.

22 Sec. 204. The departments and agencies receiving
23 appropriations in this part and part 1 shall use the internet to
24 fulfill the reporting requirements of this part. This requirement
25 may include transmission of reports via electronic mail to the
26 recipients identified for each reporting requirement, or it may
27 include placement of reports on an internet or intranet site.

1 Sec. 205. Funds appropriated in this part and part 1 must not
2 be used for the purchase of foreign goods or services, or both, if
3 competitively priced and of comparable quality American goods or
4 services, or both, are available. Preference must be given to goods
5 or services, or both, manufactured or provided by Michigan
6 businesses, if they are competitively priced and of comparable
7 quality. In addition, preference must be given to goods or
8 services, or both, that are manufactured or provided by Michigan
9 businesses owned and operated by veterans, if they are
10 competitively priced and of comparable quality.

11 Sec. 206. The director shall take all reasonable steps to
12 ensure businesses in deprived and depressed communities compete for
13 and perform contracts to provide services or supplies, or both. The
14 director shall strongly encourage firms with which the department
15 contracts to subcontract with certified businesses in depressed and
16 deprived communities for services, supplies, or both.

17 Sec. 207. (1) Out-of-state travel shall be limited to
18 situations where the travel is approved by a departmental
19 employee's immediate supervisor and in which 1 or more of the
20 following conditions apply:

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

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

26 (c) The travel is necessary to produce budgetary savings or to
27 increase state revenues, including protecting existing federal

1 funds or securing additional federal funds.

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

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

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

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

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

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

26 (b) The destination of each travel occurrence.

27 (c) The dates of each travel occurrence.

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

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

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

10 Sec. 208. Funds appropriated in this part and part 1 must not
11 be used by a principal executive department, state agency, or
12 authority to hire a person to provide legal services that are the
13 responsibility of the attorney general. This prohibition does not
14 apply to legal services for bonding activities and for those
15 outside services that the attorney general authorizes.

16 Sec. 209. Not later than November 30, the state budget office
17 shall prepare and transmit a report that provides for estimates of
18 the total general fund/general purpose appropriation lapses at the
19 close of the prior fiscal year. This report must summarize the
20 projected year-end general fund/general purpose appropriation
21 lapses by major departmental program or program areas. The state
22 budget office shall transmit the report to the chairpersons of the
23 senate and house of representatives appropriations committees and
24 the senate and house fiscal agencies.

25 Sec. 210. (1) In addition to the funds appropriated in part 1,
26 there is appropriated an amount not to exceed \$1,000,000.00 for
27 federal contingency funds.

1 (2) In addition to the funds appropriated in part 1, there is
2 appropriated an amount not to exceed \$5,000,000.00 for state
3 restricted contingency funds.

4 (3) Funds appropriated under this section are not available
5 for expenditure until they have been transferred to another line
6 item in part 1 under section 393(2) of the management and budget
7 act, 1984 PA 431, MCL 18.1393.

8 Sec. 211. The department shall cooperate with the department
9 of technology, management, and budget to maintain a searchable
10 website accessible by the public at no cost that includes, but is
11 not limited to, all of the following for each department or agency:

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

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

14 (c) Fiscal-year-to-date payments to a selected vendor,
15 including the vendor name, payment date, payment amount, and
16 payment description.

17 (d) The number of active department employees by job
18 classification.

19 (e) Job specifications and wage rates.

20 Sec. 212. Within 14 days after the release of the executive
21 budget recommendation, the department shall cooperate with the
22 state budget office to provide the senate and house of
23 representatives appropriations committee chairs, the senate and
24 house appropriations subcommittees chairs, and the senate and house
25 fiscal agencies with an annual report on estimated state restricted
26 fund balances, state restricted fund projected revenues, and state
27 restricted fund expenditures for the fiscal years ending September

1 30, 2017 and September 30, 2018.

2 Sec. 213. The department shall maintain, on a publicly
3 accessible website, a department scorecard that identifies, tracks,
4 and regularly updates key metrics that are used to monitor and
5 improve the department's performance.

6 Sec. 214. Total authorized appropriations from all sources in
7 part 1 for legacy costs for the fiscal year ending September 30,
8 2018 are \$9,551,300.00. From this amount, total agency
9 appropriations for pension-related legacy costs are estimated at
10 \$4,915,200.00. Total agency appropriations for retiree health care
11 legacy costs are estimated at \$4,636,100.00.

12 Sec. 215. Unless prohibited by law, the department may accept
13 credit card or other electronic means of payment for licenses,
14 fees, or permits.

15 Sec. 218. The department shall not take disciplinary action
16 against an employee for communicating with a member of the
17 legislature or his or her staff.

18 Sec. 219. The department shall not develop or produce any
19 television or radio productions.

20 Sec. 220. The department, in conjunction with the department
21 of health and human services, shall maintain an accounting
22 structure within this state's accounting system that will allow
23 expenditures associated with the administration of the Healthy
24 Michigan plan to be identified.

25 Sec. 221. The amount appropriated from the general fund in
26 part 1 for executive director program may only be expended to
27 comply with reporting requirements regarding the Healthy Michigan

1 plan under section 105d(9) of the social welfare act, 1939 PA 280,
2 MCL 400.105d.

3 **INSURANCE AND FINANCIAL SERVICES REGULATION**

4 Sec. 301. The department shall provide a report to the
5 subcommittees, the senate and house fiscal agencies, and the state
6 budget director by September 30 based on the annual rate filings
7 from health insurance issuers that includes all of the following:

8 (a) The number that are approved by the department.

9 (b) The number that are denied by the department.

10 (c) The percentage of rate filings processed within the
11 applicable statutory time frames.

12 (d) The average number of calendar days to process rate
13 filings.

14 (e) An estimated percentage of this state's population that is
15 without any form of health insurance coverage for more than 6
16 months in any given calendar year.

17 Sec. 302. In addition to the funds appropriated in part 1, the
18 funds collected by the department in connection with a
19 conservatorship under section 32 of the mortgage brokers, lenders,
20 and servicers licensing act, 1987 PA 173, MCL 445.1682, and funds
21 collected by the department from corporations being liquidated
22 under the insurance code of 1956, 1956 PA 218, MCL 500.100 to
23 500.8302, must be appropriated for all expenses necessary to
24 provide for the required services. Funds are available for
25 expenditure when they are received by the department of treasury
26 and must not lapse to the general fund at the end of the fiscal

1 year.

2 Sec. 303. The department may make available to interested
3 entities customized listings of nonconfidential information in its
4 possession. The department may establish and collect a reasonable
5 charge to provide this service. The revenue from this service is
6 appropriated when received and must be used to offset expenses to
7 provide the service. Any balance of this revenue collected and
8 unexpended at the end of the fiscal year must lapse to the
9 appropriate restricted fund.