

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	Department services--19.0 FTE positions.....	3,752,200
20	Executive director programs--3.5 FTE positions.....	1,066,400
21	Property management.....	1,244,200
22	Worker's compensation.....	4,700
23	Administrative hearings.....	<u>182,500</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	Insurance evaluation--118.0 FTE positions.....	\$	24,480,500
14	Financial institutions evaluation--132.0 FTE positions		24,354,400
15	Consumer services and protection--64.0 FTE positions .		<u>8,660,800</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

21 PART 2

22 PROVISIONS CONCERNING APPROPRIATIONS

23 FOR FISCAL YEAR 2017-2018

24 **GENERAL SECTIONS**

25 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 \$64,019,000.00 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 Sec. 204. The departments and agencies receiving
20 appropriations in this part and part 1 shall use the internet to
21 fulfill the reporting requirements of this part. This requirement
22 may include transmission of reports via electronic mail to the
23 recipients identified for each reporting requirement, or it may
24 include placement of reports on an internet or intranet site.

25 Sec. 205. Funds appropriated in this part and part 1 must not
26 be used for the purchase of foreign goods or services, or both, if
27 competitively priced and of comparable quality American goods or

1 services, or both, are available. Preference must be given to goods
2 or services, or both, manufactured or provided by Michigan
3 businesses, if they are competitively priced and of comparable
4 quality. In addition, preference must be given to goods or
5 services, or both, that are manufactured or provided by Michigan
6 businesses owned and operated by veterans, if they are
7 competitively priced and of comparable quality.

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

14 Sec. 207. (1) Out-of-state travel must be limited to
15 situations in which 1 or more of the following conditions apply:

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

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

21 (c) The travel is necessary to produce budgetary savings or to
22 increase state revenues, including protecting existing federal
23 funds or securing additional federal funds.

24 (d) The travel is necessary to comply with federal
25 requirements.

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

1 (f) The travel is financed entirely by federal or nonstate
2 funds.

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

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

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

21 (b) The destination of each travel occurrence.

22 (c) The dates of each travel occurrence.

23 (d) A brief statement of the reason for each travel
24 occurrence.

25 (e) The transportation and related costs of each travel
26 occurrence, including the proportion funded with state general
27 fund/general purpose revenues, the proportion funded with state

1 restricted revenues, the proportion funded with federal revenues,
2 and the proportion funded with other revenues.

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

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

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

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

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.

26 (3) Funds appropriated under this section are not available
27 for expenditure until they have been transferred to another line

1 item in part 1 under section 393(2) of the management and budget
2 act, 1984 PA 431, MCL 18.1393.

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

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

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

9 (c) Fiscal-year-to-date payments to a selected vendor,
10 including the vendor name, payment date, payment amount, and
11 payment description.

12 (d) The number of active department employees by job
13 classification.

14 (e) Job specifications and wage rates.

15 Sec. 212. Within 14 days after the release of the executive
16 budget recommendation, the department shall cooperate with the
17 state budget office to provide the senate and house of
18 representatives appropriations chairs, the senate and house
19 appropriations subcommittees chairs, and the senate and house
20 fiscal agencies with an annual report on estimated state restricted
21 fund balances, state restricted fund projected revenues, and state
22 restricted fund expenditures for the fiscal years ending September
23 30, 2017 and September 30, 2018.

24 Sec. 213. The department shall maintain, on a publicly
25 accessible website, a department scorecard that identifies, tracks,
26 and regularly updates key metrics that are used to monitor and
27 improve the department's performance.

1 Sec. 214. Total authorized appropriations from all sources in
2 part 1 for legacy costs for the fiscal year ending September 30,
3 2018 are \$9,551,300.00. From this amount, total agency
4 appropriations for pension-related legacy costs are estimated at
5 \$4,915,200.00. Total agency appropriations for retiree health care
6 legacy costs are estimated at \$4,636,100.00.

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

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

13 Sec. 219. The department shall not develop or produce any
14 television or radio productions.

15 Sec. 220. The department, in conjunction with the department
16 of health and human services, shall maintain an accounting
17 structure within the Michigan administrative information network
18 that will allow expenditures associated with the administration of
19 the Healthy Michigan plan to be identified. By October 1, if there
20 are changes from the previous fiscal year, the department shall
21 provide the state budget office and the fiscal agencies with the
22 relevant accounting structure and associated business objects
23 script and report that group's administrative costs.

24 Sec. 221. The amount appropriated from the general fund in
25 part 1 for executive director program may only be expended to
26 comply with reporting requirements regarding the Healthy Michigan
27 plan under section 105d(9) of the social welfare act, 1939 PA 280,

1 MCL 400.105d.

2 **INSURANCE AND FINANCIAL SERVICES REGULATION**

3 Sec. 301. The department shall provide a report to the
4 legislature based on the annual rate filings from health insurance
5 issuers that includes all of the following:

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

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

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

10 (d) The average number of calendar days to process rate
11 filings.

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

23 Sec. 303. The department may make available to interested
24 entities customized listings of nonconfidential information in its
25 possession. The department may establish and collect a reasonable
26 charge to provide this service. The revenue from this service is

1 appropriated when received and must be used to offset expenses to
2 provide the service. Any balance of this revenue collected and
3 unexpended at the end of the fiscal year must lapse to the
4 appropriate restricted fund.