

SUBSTITUTE FOR  
HOUSE BILL NO. 5786

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2023; and to provide for the expenditure of the appropriations.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the department of insurance and financial services for the fiscal year ending September 30, 2023, from the following funds:

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**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

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**APPROPRIATION SUMMARY**

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Full-time equated unclassified positions	6.0
Full-time equated classified positions	372.5

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1	<b>GROSS APPROPRIATION</b>		\$	<b>74,335,500</b>
2	Interdepartmental grant revenues:			
3	Total interdepartmental grants and			
4	intradepartmental transfers			736,500
5	<b>ADJUSTED GROSS APPROPRIATION</b>		\$	<b>73,599,000</b>
6	Federal revenues:			
7	Total federal revenues			1,017,100
8	Special revenue funds:			
9	Total local revenues			0
10	Total private revenues			0
11	Total other state restricted revenues			72,581,900
12	<b>State general fund/general purpose</b>		\$	<b>0</b>
13	<b>Sec. 102. DEPARTMENTAL ADMINISTRATION AND</b>			
14	<b>SUPPORT</b>			
15	Full-time equated unclassified positions	6.0		
16	Full-time equated classified positions	23.5		
17	Unclassified salaries--FTEs	6.0	\$	1,740,300
18	Administrative hearings			183,700
19	Department services--FTEs	20.0		6,846,400
20	Executive director programs--FTEs	3.5		1,914,200
21	Property management			2,589,700
22	Worker's compensation			1,300
23	<b>GROSS APPROPRIATION</b>		\$	<b>13,275,600</b>
24	Appropriated from:			
25	Interdepartmental grant revenues:			
26	IDG from LARA, debt management			71,600
27	Special revenue funds:			
28	Bank fees			1,226,100

1	Captive insurance regulatory and supervision		
2	fund		67,900
3	Consumer finance fees		556,400
4	Credit union fees		2,058,300
5	Deferred presentment service transaction fees		520,000
6	Insurance bureau fund		3,675,500
7	Insurance continuing education fees		112,300
8	Insurance licensing and regulation fees		3,355,800
9	MBLSLA fund		1,630,300
10	Multiple employer welfare arrangement		1,400
11	<b>State general fund/general purpose</b>	<b>\$</b>	<b>0</b>
12	<b>Sec. 103. INSURANCE AND FINANCIAL SERVICES</b>		
13	<b>REGULATION</b>		
14	Full-time equated classified positions	349.0	
15	Consumer services and protection--FTEs	88.0	\$ 27,449,200
16	Financial institutions evaluation--FTEs	135.0	14,470,000
17	Insurance evaluation--FTEs	126.0	14,441,300
18	<b>GROSS APPROPRIATION</b>	<b>\$</b>	<b>56,360,500</b>
19	Appropriated from:		
20	Interdepartmental grant revenues:		
21	IDG from LARA, debt management		639,700
22	Federal revenues:		
23	Federal revenues		1,017,100
24	Special revenue funds:		
25	Bank fees		5,131,700
26	Captive insurance regulatory and supervision		
27	fund		624,500
28	Consumer finance fees		2,486,500

1	Credit union fees		7,779,900
2	Deferred presentment service transaction fees		2,152,800
3	Insurance bureau fund		21,827,800
4	Insurance continuing education fees		809,700
5	Insurance licensing and regulation fees		8,358,300
6	MBLSLA fund		5,444,200
7	Multiple employer welfare arrangement		88,300
8	<b>State general fund/general purpose</b>	<b>\$</b>	<b>0</b>
9	<b>Sec. 104. INFORMATION TECHNOLOGY</b>		
10	Information technology services and projects	\$	4,699,400
11	<b>GROSS APPROPRIATION</b>	<b>\$</b>	<b>4,699,400</b>
12	Appropriated from:		
13	Interdepartmental grant revenues:		
14	IDG from LARA, debt management		25,200
15	Special revenue funds:		
16	Bank fees		460,000
17	Captive insurance regulatory and supervision		
18	fund		21,200
19	Consumer finance fees		212,200
20	Credit union fees		785,100
21	Deferred presentment service transaction fees		197,800
22	Insurance bureau fund		1,171,700
23	Insurance continuing education fees		38,600
24	Insurance licensing and regulation fees		1,206,200
25	MBLSLA fund		581,400
26	<b>State general fund/general purpose</b>	<b>\$</b>	<b>0</b>

## PART 2

## PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2022-2023

**GENERAL SECTIONS**

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources under part 1 for fiscal year 2022-2023 is \$72,581,900.00 and state spending from state sources to be paid to local units of government for fiscal year 2022-2023 is \$0.00.

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

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

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

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

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

(d) "IDG" means interdepartmental grant.

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

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

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

Sec. 204. The department shall use the internet to fulfill the reporting requirements of this part. This requirement shall include transmission of reports via email to the recipients identified for each reporting requirement and it shall include placement of reports on an internet site.

1           Sec. 205. To the extent permissible under section 261 of the  
2 management and budget act, 1984 PA 431, MCL 18.1261, all of the  
3 following apply to funds appropriated in part 1:

4           (a) The funds must not be used for the purchase of foreign  
5 goods or services, or both, if competitively priced and of  
6 comparable quality American goods or services, or both, are  
7 available.

8           (b) Preference must be given to goods or services, or both,  
9 manufactured or provided by Michigan businesses, if they are  
10 competitively priced and of comparable quality.

11           (c) Preference must be given to goods or services, or both,  
12 that are manufactured or provided by Michigan businesses owned and  
13 operated by veterans, if they are competitively priced and of  
14 comparable quality.

15           Sec. 206. The department shall not take disciplinary action  
16 against an employee of the department or departmental agency in the  
17 state classified civil service because the employee communicates  
18 with a member of the legislature or a member's staff unless the  
19 communication is prohibited by law and the department or agency  
20 taking disciplinary action is exercising its authority as provided  
21 by law.

22           Sec. 207. The department shall prepare a report on out-of-state  
23 travel expenses not later than January 1 of each year. The travel  
24 report shall be a listing of all travel by classified and  
25 unclassified employees outside this state in the immediately  
26 preceding fiscal year that was funded in whole or in part with  
27 funds appropriated in the department's budget. The report shall be  
28 submitted to the senate and house appropriations committees, the  
29 senate and house fiscal agencies, and the state budget office. The

1 report shall include the following information:

2 (a) The dates of each travel occurrence.

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

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

23 Sec. 210. (1) In addition to the funds appropriated in part 1,  
24 there is appropriated an amount not to exceed \$200,000.00 for  
25 federal contingency authorization. These funds are not available  
26 for expenditure until they have been transferred to another line  
27 item in part 1 under section 393(2) of the management and budget  
28 act, 1984 PA 431, MCL 18.1393.

29 (2) In addition to the funds appropriated in part 1, there is

1 appropriated an amount not to exceed \$1,000,000.00 for state  
2 restricted contingency authorization. These funds are not available  
3 for expenditure until they have been transferred to another line  
4 item in part 1 under section 393(2) of the management and budget  
5 act, 1984 PA 431, MCL 18.1393.

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

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

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

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

15 (d) The number of active department employees by job  
16 classification.

17 (e) Job specifications and wage rates.

18 Sec. 212. Within 14 days after the release of the executive  
19 budget recommendation, the department shall cooperate with the  
20 state budget office to provide the chairpersons of the senate and  
21 house appropriations committees, the chairpersons of the  
22 subcommittees, and the senate and house fiscal agencies with an  
23 annual report on estimated state restricted fund balances, state  
24 restricted fund projected revenues, and state restricted fund  
25 expenditures for the prior 2 fiscal years.

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



1           Sec. 214. Total authorized appropriations from all sources  
2 under part 1 for legacy costs for the fiscal year ending September  
3 30, 2023 are estimated at \$8,906,500.00. From this amount, total  
4 agency appropriations for pension-related legacy costs are  
5 estimated at \$5,407,400.00. Total agency appropriations for retiree  
6 health care legacy costs are estimated at \$3,499,100.00.

7           Sec. 215. To the extent permissible under the management and  
8 budget act, 1984 PA 431, MCL 18.1101 to 18.1594, the director shall  
9 take all reasonable steps to ensure that businesses in deprived and  
10 depressed communities compete for and perform contracts to provide  
11 services or supplies, or both. The director shall strongly  
12 encourage firms with which the department contracts to subcontract  
13 with certified businesses in depressed and deprived communities for  
14 services, supplies, or both.

15           Sec. 216. (1) On a quarterly basis, the department shall  
16 report to the senate and house appropriations committees, the  
17 subcommittees, and the senate and house fiscal agencies the  
18 following information:

19           (a) The number of FTEs in pay status by type of staff and  
20 civil service classification.

21           (b) A comparison by line item of the number of FTEs authorized  
22 from funds appropriated in part 1 to the actual number of FTEs  
23 employed by the department at the end of the reporting period.

24           (2) By March 1 of the current fiscal year, the department  
25 shall report to the senate and house appropriations committees, the  
26 subcommittees, and the senate and house fiscal agencies the  
27 following information:

28           (a) Number of employees that were engaged in remote work in  
29 2022.

1 (b) Number of employees authorized to work remotely and the  
2 actual number of those working remotely in the current reporting  
3 period.

4 (c) Estimated net cost savings achieved by remote work.

5 (d) Reduced use of office space associated with remote work.

6 Sec. 217. Appropriations in part 1 shall, to the extent  
7 possible by the department, not be expended until all existing work  
8 project authorization available for the same purposes is exhausted.

9 Sec. 218. If the state administrative board, acting under  
10 section 3 of 1921 PA 2, MCL 17.3, transfers funds from an amount  
11 appropriated under this act, the legislature may, by a concurrent  
12 resolution adopted by a majority of the members elected to and  
13 serving in each chamber, intertransfer funds within this act for  
14 the particular department, board, commission, officer, or  
15 institution.

16 Sec. 219. The department and agencies receiving appropriations  
17 in part 1 shall receive and retain copies of all reports funded  
18 from appropriations in part 1. Federal and state guidelines for  
19 short-term and long-term retention of records shall be followed.  
20 The department may electronically retain copies of reports unless  
21 otherwise required by federal or state guidelines.

22 Sec 220. Not later than April 1, the department shall report  
23 on each specific policy change made to implement a public act  
24 affecting the department that took effect during the prior calendar  
25 year to the senate and house appropriations committees, the  
26 subcommittees, the joint committee on administrative rules, and the  
27 senate and house fiscal agencies.

28 Sec. 221. (1) From the funds appropriated in part 1, the  
29 department shall do all of the following:

1 (a) Report to the senate and house appropriations committees,  
2 the senate and house fiscal agencies, the senate and house policy  
3 offices, and the state budget office any amounts of severance pay  
4 for a department director, deputy director, or other high-ranking  
5 department official not later than 14 days after a severance  
6 agreement with the director or official is signed. The name of the  
7 director or official and the amount of severance pay must be  
8 included in the report required by this subdivision.

9 (b) Maintain an internet site that posts any severance pay in  
10 excess of 6 weeks of wages, regardless of the position held by the  
11 former department employee receiving severance pay.

12 (c) By February 1, report to the subcommittees, the senate and  
13 house fiscal agencies, the senate and house policy offices, and the  
14 state budget office on the total amount of severance pay remitted  
15 to former department employees during the fiscal year ending  
16 September 30, 2022, and the number of former department employees  
17 that were remitted severance pay during the fiscal year ending  
18 September 30, 2022.

19 (2) As used in this section, "severance pay" means  
20 compensation that is both payable or paid upon the termination of  
21 employment and in addition to either wages or benefits earned  
22 during the course of employment or generally applicable retirement  
23 benefits.

24 Sec. 222. (1) Any department, agency, board, commission, or  
25 public officer that receives funding under part 1 shall not:

26 (a) Require as a condition of accessing any facility or  
27 receiving services that an individual provide proof that he or she  
28 has received a COVID-19 vaccine except as provided by federal law  
29 or as a condition of receiving federal Medicare or Medicaid

1 funding.

2 (b) Produce, develop, issue, or require a COVID-19 vaccine  
3 passport.

4 (c) Develop a database or make any existing database publicly  
5 available to access an individual's COVID-19 vaccine status by any  
6 person, company, or governmental entity.

7 (d) Require as a condition of employment that an employee or  
8 official provide proof that he or she has received a COVID-19  
9 vaccine. This subdivision does not apply to any hospital,  
10 congregate care facility, or other medical facility or any  
11 hospital, congregate care facility, or other medical facility  
12 operated by a local subdivision that receives federal Medicare or  
13 Medicaid funding.

14 (2) A department, agency, board, commission, or public officer  
15 may not subject any individual to any negative employment  
16 consequence, retaliation, or retribution because of that  
17 individual's COVID-19 vaccine status.

18 (3) Subsection (1) does not prohibit any person, department,  
19 agency, board, commission, or public officer from transmitting  
20 proof of an individual's COVID-19 vaccine status to any person,  
21 company, or governmental entity, so long as the individual provides  
22 affirmative consent.

23 (4) If a department, agency, board, commission, subdivision,  
24 or official or public officer is required to establish a vaccine  
25 policy due to a federal mandate, it must provide exemptions to any  
26 COVID-19 vaccine policy to the following individuals:

27 (a) An individual for whom a physician certifies that a COVID-  
28 19 vaccine is or may be detrimental to the individual's health or  
29 is not appropriate.

1 (b) An individual who provides a written statement to the  
2 effect that the requirements of the COVID-19 vaccine policy cannot  
3 be met because of religious convictions or other consistently held  
4 objection to immunization.

5 (5) As used in this section, "public officer" means a person  
6 appointed by the governor or another executive department official  
7 or an elected or appointed official of this state or a political  
8 subdivision of this state.

9 Sec. 223. An executive branch department, agency, board, or  
10 commission that receives funding under part 1 shall not permit a  
11 state employee who was not working remotely, either full-time or  
12 part-time, before February 28, 2020 to work remotely, either full-  
13 time or part-time, during the current fiscal year.

14 Sec. 224. 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. 225. The department shall submit a report to the  
18 subcommittees, the senate and house fiscal agencies, and the state  
19 budget office by September 30 detailing any expenditure of funds  
20 for a television or radio production that was made to a third-party  
21 vendor in the fiscal year ending September 30, 2023. The report  
22 must include all of the following information for each expenditure:

23 (a) Total amount of the expenditure.

24 (b) Fund source for the expenditure.

25 (c) Name of any vendors that created the production and the  
26 amount paid to each vendor.

27 (d) Purpose of the production.

28 Sec. 226. From the funds appropriated in part 1 from the  
29 insurance bureau fund, funds may be expended to support legislative

1 participation in insurance activities coordinated by insurance and  
2 legislative associations, in accordance with section 225 of the  
3 insurance code of 1956, 1956 PA 218, MCL 500.225.

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5 **INSURANCE AND FINANCIAL SERVICES REGULATION**

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

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

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

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

14 (d) The average number of calendar days to process rate  
15 filings.

16 Sec. 302. In addition to the funds appropriated in part 1, the  
17 funds collected by the department in connection with a  
18 conservatorship under section 32 of the mortgage brokers, lenders,  
19 and servicers licensing act, 1987 PA 173, MCL 445.1682, and funds  
20 collected by the department from corporations being liquidated  
21 under the insurance code of 1956, 1956 PA 218, MCL 500.100 to  
22 500.8302, must be appropriated for all expenses necessary to  
23 provide for the required services. Funds are available for  
24 expenditure when they are received by the department of treasury  
25 and must not lapse to the general fund at the end of the fiscal  
26 year. The total amount appropriated under this section and section  
27 303 must not exceed \$400,000.00.

28 Sec. 303. The department may make available to interested  
29 entities customized listings of nonconfidential information in its

1 possession. The department may establish and collect a reasonable  
2 charge to provide this service. The revenue from this service is  
3 appropriated when received and must be used to offset expenses to  
4 provide the service. Any balance of this revenue collected and  
5 unexpended at the end of the fiscal year must lapse to the  
6 appropriate restricted fund. The total amount appropriated under  
7 this section and section 302 must not exceed \$400,000.00.

8 Sec. 304. The department must electronically transmit the  
9 annual report prepared pursuant to section 238 of the insurance  
10 code of 1956, 1956 PA 218, MCL 500.238, and section 2108 of the  
11 banking code of 1999, 1999 PA 276, MCL 487.12108, to the  
12 subcommittees, senate and house fiscal agencies, and state budget  
13 office at the time of the publication of the report.

14 Sec. 305. The department must update examination manuals and  
15 letters of guidance to state-chartered financial institutions as  
16 necessary to reflect how the department will evaluate institutions  
17 that provide banking or other financial services to marijuana-  
18 related businesses or businesses that transport, test, grow,  
19 process, or sell marijuana based on the most recent state laws and  
20 guidance. The department may also include guidance or information  
21 on how federal law and regulations may impact state-chartered  
22 institutions.