

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1008

A bill to amend 1936 (Ex Sess) PA 1, entitled
"Michigan employment security act,"
by amending section 10 (MCL 421.10), as amended by 2015 PA 57.

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
10 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 that
4 purpose, and all money received by this state for the fund. All
5 money in the administration fund that is received from the federal
6 government or any agency of the federal government or that is
7 appropriated by this state for the purposes of this act, except
8 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 IX
11 of the social security act, 42 USC 1103(c)(2), 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
15 administration of this act.

16 (3) All money requisitioned from the account of this state in
17 the unemployment trust fund pursuant to a specific appropriation
18 made by the legislature in accordance with section 903(c)(2) of
19 title IX of the social security act, 42 USC 1103(c)(2), 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 period
22 beginning on the date of enactment of a specific appropriation
23 shall be immediately redeposited with the secretary of the treasury
24 of the United States to the credit of this state's account in the
25 unemployment trust fund; or any money that for any reason cannot be
26 expended or is not to be expended for the purpose for which
27 appropriated before the close of this 2-year period shall be

1 redeposited at the earliest practicable date.

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

25 (5) If any funds expended or disbursed by the unemployment
26 agency are found by the appropriate agency of the United States to
27 have been lost or expended for purposes other than, or in amounts

1 in excess of, those found necessary by that agency of the United
2 States for the proper administration of this act, and if these
3 funds are replaced as provided in subsection (4) by money
4 appropriated for that purpose from the general fund of this state,
5 then the director who approved the expenditure or disbursement of
6 those funds for those purposes or in those amounts, is liable to
7 this state in an amount equal to the sum of money appropriated to
8 replace those funds.

9 (6) There is created in the department of treasury a separate
10 fund to be known as the contingent fund (Michigan employment
11 security act) into which shall be deposited all solvency taxes
12 collected under section 19a and all interest on contributions,
13 penalties, and damages collected under this act. ~~All~~ **EXCEPT AS**
14 **PROVIDED IN SUBSECTION (7), ALL** amounts in the contingent fund
15 (Michigan employment security act) and all earnings on those
16 amounts are continuously appropriated without regard to fiscal year
17 for the administration of the talent investment agency, as
18 established under Executive Reorganization Order No. 2014-6, MCL
19 125.1995, including, but not limited to, the development and
20 execution of workforce training programs, and for the payment of
21 interest on advances from the federal government to the
22 unemployment compensation fund under 42 USC 1321, to be expended
23 only if authorized by the unemployment agency. Money deposited from
24 the solvency taxes collected under section 19a shall not be used
25 for the administration of the unemployment agency, except for the
26 repayment of loans from the state treasury and interest on loans
27 made under section 19a(3). However, an authorization or expenditure

1 shall not be made as a substitution for a grant of federal funds or
2 for any portion of a grant that, in the absence of an
3 authorization, would be available to the unemployment agency.

4 Immediately upon receipt of administrative grants from the
5 appropriate agency of the United States to cover administrative
6 costs for which the unemployment agency has authorized and made
7 expenditures from the contingent fund, those grants shall be
8 transferred to the contingent fund to the extent necessary to
9 reimburse the contingent fund for the amount of those expenditures.

10 Amounts needed to refund interest, damages, and penalties
11 erroneously collected shall be withdrawn and expended for those
12 purposes from the contingent fund upon order of the unemployment
13 agency. Any amount authorized to be expended for administration
14 under this section may be transferred to the administration fund.
15 An amount not needed for the purpose for which authorized shall,
16 upon order of the unemployment agency, be returned to the
17 contingent fund. Amounts needed to refund erroneously collected
18 solvency taxes shall be withdrawn and expended for that purpose
19 upon order of the unemployment agency.

20 **(7) FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017 ONLY,**
21 **\$10,000,000.00 OF THE MONEY IN THE CONTINGENT FUND CREATED IN**
22 **SUBSECTION (6) IS TRANSFERRED TO AND SHALL BE DEPOSITED INTO THE**
23 **GENERAL FUND.**