

# SENATE BILL No. 1008

May 31, 2016, Introduced by Senator HILDENBRAND and referred to the Committee on Committee of the Whole.

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

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 USC 1103(c)(2), and with section  
13 17(3)(f), shall be expended solely for the purposes and in the  
14 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 USC 1103(c)(2), and with  
21 section 17(3)(f), shall be deposited in the administration fund.  
22 Any money that remains unexpended at the close of the 2-year period  
23 beginning on the date of enactment of a specific appropriation  
24 shall be immediately redeposited with the secretary of the treasury  
25 of the United States to the credit of this state's account in the  
26 unemployment trust fund; or any money that for any reason cannot be  
27 expended or is not to be expended for the purpose for which

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

26 (5) If any funds expended or disbursed by the unemployment  
27 agency are found by the appropriate agency of the United States to

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

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

1 made under section 19a(3). However, an authorization or expenditure  
2 shall not be made as a substitution for a grant of federal funds or  
3 for any portion of a grant that, in the absence of an  
4 authorization, would be available to the unemployment agency.  
5 Immediately upon receipt of administrative grants from the  
6 appropriate agency of the United States to cover administrative  
7 costs for which the unemployment agency has authorized and made  
8 expenditures from the contingent fund, those grants shall be  
9 transferred to the contingent fund to the extent necessary to  
10 reimburse the contingent fund for the amount of those expenditures.  
11 Amounts needed to refund interest, damages, and penalties  
12 erroneously collected shall be withdrawn and expended for those  
13 purposes from the contingent fund upon order of the unemployment  
14 agency. Any amount authorized to be expended for administration  
15 under this section may be transferred to the administration fund.  
16 An amount not needed for the purpose for which authorized shall,  
17 upon order of the unemployment agency, be returned to the  
18 contingent fund. Amounts needed to refund erroneously collected  
19 solvency taxes shall be withdrawn and expended for that purpose  
20 upon order of the unemployment agency.

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

25 Enacting section 1. This amendatory act takes effect 90 days  
26 after the date it is enacted into law.