

HOUSE BILL NO. 5003

September 18, 2025, Introduced by Reps. T. Carter, Weiss, Breen, Tsernoglou, Xiong, Young, Longjohn, McKinney, Rheingans, Hoskins, Price, Wegela, Skaggs, Rogers, Morgan, Scott, Miller, Koleszar, Andrews, Pohutsky and Wooden and referred to Committee on Economic Competitiveness.

A bill to amend 1936 (Ex Sess) PA 1, entitled
"Michigan employment security act,"
by amending section 62 (MCL 421.62), as amended by 2024 PA 238.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 62. (a) Subject to subsection (h), if the unemployment
2 insurance agency determines that an individual has obtained
3 benefits to which the individual is not entitled, or a subsequent
4 determination by the agency or a decision of an appellate authority
5 reverses a prior qualification for benefits, the agency may recover
6 a sum equal to the amount received plus interest ~~pursuant to~~ **in**

1 **accordance with** section 15(a) by ~~1 or more of the following~~
2 ~~methods:~~ **a** deduction from benefits or wages payable to the
3 individual, **a** payment by the individual in cash, ~~or a~~ deduction
4 from a tax refund payable to the individual as provided under
5 section 30a of 1941 PA 122, MCL 205.30a, **or any combination of the**
6 **listed recovery methods.** Deduction from benefits or wages payable
7 to the individual is limited to not more than 50% of each payment
8 due the claimant. The unemployment insurance agency shall issue a
9 determination requiring restitution ~~within~~ **not later than** 3 years
10 after the date of finality of a determination, redetermination, or
11 decision reversing a previous finding of benefit entitlement.
12 Except in the case of benefits improperly paid because of suspected
13 identity fraud, the unemployment insurance agency shall not
14 initiate administrative or court action to recover improperly paid
15 benefits from an individual more than 3 years after the date that
16 the last determination, redetermination, or decision establishing
17 restitution is final. Except in the case of benefits improperly
18 paid because of suspected identity fraud, the unemployment
19 insurance agency shall issue a restitution determination on an
20 issue ~~within~~ **not later than** 3 years ~~from~~ **after** the date the
21 claimant first received benefits in the benefit year in which the
22 issue arose, or in the case of an issue of intentional false
23 statement, misrepresentation, or concealment of material
24 information in violation of section 54(a) or (b) or sections 54a to
25 54c, ~~within~~ **not later than** 3 years after the receipt of the
26 improperly paid benefits unless the unemployment insurance agency
27 filed a civil action in a court within the 3-year period; the
28 individual made an intentional false statement, misrepresentation,
29 or concealment of material information to obtain the benefits; or

1 the unemployment insurance agency issued a determination requiring
2 restitution within the 3-year period. The time limits in this
3 section do not prohibit the unemployment insurance agency from
4 pursuing collection methods to recover the amounts found to have
5 been improperly paid. Except in a case of an intentional false
6 statement, misrepresentation, or concealment of material
7 information, the unemployment insurance agency shall waive recovery
8 of an improperly paid benefit if repayment would be contrary to
9 equity and good conscience and shall waive any interest. As used in
10 this subsection, "contrary to equity and good conscience" means any
11 of the following:

12 (i) The claimant provided incorrect wage information without
13 the intent to misrepresent, and the employer provided either no
14 wage information upon request or provided inaccurate wage
15 information that resulted in the overpayment. A waiver granted
16 under the conditions described in this subdivision applies from 30
17 days after the incorrect wage information was first reported to the
18 unemployment insurance agency.

19 (ii) The claimant's average net household income and household
20 cash assets, ~~exclusive of~~ **not including** social welfare benefits and
21 unemployment insurance benefits, were, during the 6 months
22 immediately preceding the date of the application for waiver, at or
23 below ~~150%~~ **200%** of the annual update of the poverty guidelines most
24 recently published in the Federal Register by the United States
25 Department of Health and Human Services under the authority of 42
26 USC ~~9902(2)~~, **9902**, and the claimant has applied for a waiver under
27 this subsection. The unemployment insurance agency shall not
28 consider more than 3 additional hardship waiver applications from a
29 claimant in a calendar year after receiving an application for a

1 waiver from the claimant. A claimant may not file a new hardship
2 waiver application until a determination, redetermination,
3 administrative decision, or judicial decision regarding the initial
4 application for waiver is final. A waiver granted under the
5 conditions described in this subdivision applies from the date the
6 application is filed. If the waiver is granted, the unemployment
7 insurance agency shall promptly refund any restitution or interest
8 payments made by the individual after the date of the application
9 for waiver. The unemployment insurance agency shall not deny or
10 refuse to consider an application for a waiver of restitution
11 submitted by a claimant for any matter that has received a final
12 adjudication solely because the claimant has a pending appeal of 1
13 or more matters that generated the overpayment under consideration
14 to be waived. As used in this subdivision:

15 (A) "Cash assets" means cash in excess of \$100,000.00 in a
16 checking or savings account, not including wages reported during
17 that period.

18 (B) "Dependent" means that term as defined in section
19 27(b) (4) .

20 (C) "Household" means a claimant and the claimant's
21 dependents.

22 (iii) The improper payments resulted from an administrative or
23 clerical error by the unemployment agency. A requirement to repay
24 benefits as the result of a change in judgment at any level of
25 administrative adjudication or court decision concerning the facts
26 or application of law to a claim adjudication is not an
27 administrative or clerical error for purposes of this subdivision.
28 A waiver granted under the conditions described in this subdivision
29 applies from the date that the administrative or clerical error

1 occurred. If the date the error occurred cannot be determined, the
2 waiver applies from the first day of the first week that the
3 improper payments for which the waiver is being sought began.

4 (b) If the unemployment insurance agency determines that a
5 claimant has intentionally made a false statement or
6 misrepresentation or has concealed material information to obtain
7 benefits, whether or not the claimant obtains benefits by or
8 because of the intentional false statement, misrepresentation, or
9 concealment of material information, the unemployment insurance
10 agency shall, in addition to any other applicable interest and
11 penalties, cancel the claimant's rights to benefits for the benefit
12 year in which the act occurred as of the date the claimant made the
13 false statement or misrepresentation or concealed material
14 information, and shall not use wages used to establish that benefit
15 year to establish another benefit year. A chargeable employer may
16 protest a claim filed after October 1, 2014 to establish a
17 successive benefit year under section 46(c), if there was a
18 determination by the unemployment insurance agency or decision of a
19 court or administrative tribunal finding that the claimant made a
20 false statement, made a misrepresentation, or concealed material
21 information related to the claimant's report of earnings for a
22 preceding benefit year claim. If a protest is made, the
23 unemployment insurance agency shall not use any unreported earnings
24 from the preceding benefit year that were falsely stated,
25 misrepresented, or concealed to establish a benefit year for a
26 successive claim. Before receiving benefits in a benefit year
27 established within 4 years after cancellation of rights to benefits
28 under this subsection, the claimant, in addition to making the
29 restitution of benefits established under subsection (a), may be

1 liable for an additional amount as otherwise determined by the
2 unemployment insurance agency under this act, which may be paid by
3 cash, deduction from benefits, or deduction from a tax refund. The
4 claimant is liable for any fee the federal government imposes with
5 respect to instituting a deduction from a federal tax refund.

6 Restitution resulting from the intentional false statement,
7 misrepresentation, or concealment of material information is not
8 subject to the 50% limitation provided in subsection (a).

9 (c) Any determination made by the unemployment insurance
10 agency under this section is final unless an application for a
11 redetermination is filed in accordance with section 32a.

12 (d) The unemployment insurance agency shall take the action
13 necessary to recover all benefits improperly obtained or paid under
14 this act, and to enforce all interest and penalties under
15 subsection (b). The unemployment insurance agency may conduct an
16 amnesty program for a designated period under which penalties and
17 interest assessed against an individual owing restitution for
18 improperly paid benefits may be waived if the individual pays the
19 full amount of restitution owing within the period specified by the
20 agency.

21 (e) Interest recovered under this section must be deposited in
22 the contingent fund.

23 (f) The unemployment insurance agency shall not make a
24 determination that a claimant made an intentional false statement,
25 misrepresentation, or concealment of material information that is
26 subject to sanctions under this section based solely on a computer-
27 identified discrepancy in information supplied by the claimant or
28 employer. An unemployment insurance agency employee or agent must
29 examine the facts and independently determine that the claimant or

1 the employer is responsible for a willful or intentional violation
2 before the agency makes a determination under this section.

3 (g) By January 31 each year, beginning in 2019, the
4 unemployment insurance agency shall provide a written report
5 regarding waivers under subsection (a) (ii) to the chairpersons of
6 the standing committees and the appropriations subcommittees of the
7 house of representatives and senate having jurisdiction over
8 legislation pertaining to employment security. The report must
9 include all of the following information from the immediately
10 preceding calendar year in a form that does not identify an
11 individual, claimant, or employer:

12 (i) The procedures relating to waivers that the unemployment
13 insurance agency used or adopted.

14 (ii) The number of applications for a waiver the unemployment
15 insurance agency received.

16 (iii) The number of individuals who submitted an application for
17 a waiver.

18 (iv) The number of waivers that were granted by each of the
19 following methods:

20 (A) An unemployment insurance agency determination.

21 (B) An unemployment insurance agency redetermination.

22 (C) An administrative law judge order.

23 (D) A Michigan compensation appellate commission order.

24 (E) A court order.

25 (v) The number of waivers that were denied, tabulated by the
26 reason for the denial, by each of the following methods:

27 (A) An unemployment insurance agency determination.

28 (B) An unemployment insurance agency redetermination.

29 (C) An administrative law judge order.

1 (D) A Michigan compensation appellate commission order.

2 (E) A court order.

3 (vi) The total amount of restitution waived.

4 (h) The unemployment insurance agency shall not initiate
5 recovery of improperly paid benefits under subsection (a) until the
6 unemployment insurance agency has reviewed the claim for
7 eligibility to receive a waiver under subsection (a) (i) and (iii) to
8 which the claimant may be entitled and issued a notice to the
9 claimant that includes all of the following information:

10 (i) A determination of eligibility for each waiver for which
11 eligibility was considered or, if a determination could not be
12 reached, the information the unemployment insurance agency needs to
13 make a determination.

14 (ii) The consequences of each determination on the claimant's
15 benefit rights and any overpayment owed, including the issue or
16 matter generating the overpayment and the weeks of benefits
17 affected.

18 (iii) The claimant's protest and appeal rights with respect to
19 the determination or redetermination on the claimant's eligibility
20 for a waiver and the underlying determination or redetermination
21 that generated the overpayment.