

HOUSE BILL NO. 5006

September 18, 2025, Introduced by Reps. Miller, Weiss, Breen, T. Carter, Tsernoglou, Xiong, Young, McKinney, Koleszar, Rheingans, Hoskins, Price, Andrews, Wegela, Skaggs, Mentzer, Rogers, 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: deduction from benefits or wages payable to the
3 individual, payment by the individual in cash, or deduction from a
4 tax refund payable to the individual as provided under section 30a
5 of 1941 PA 122, MCL 205.30a. Deduction from benefits or wages
6 payable to the individual is limited to not more than 50% of each
7 payment due the claimant. The unemployment insurance agency shall
8 issue a determination requiring restitution ~~within~~**not later than** 3
9 years after the date of finality of a determination,
10 redetermination, or decision reversing a previous finding of
11 benefit entitlement. Except ~~in the case of~~**for** benefits improperly
12 paid because of suspected identity fraud, the unemployment
13 insurance agency shall not initiate administrative or court action
14 to recover improperly paid benefits from an individual more than 3
15 years after the date that the last determination, redetermination,
16 or decision establishing restitution is final. Except ~~in the case~~
17 ~~of~~**for** benefits improperly paid because of suspected identity
18 fraud, the unemployment insurance agency shall issue a restitution
19 determination on an issue ~~within~~**not later than** 3 years ~~from~~**after**
20 the date the claimant first received benefits in the benefit year
21 in which the issue arose, or ~~in the case of~~**for** an issue of
22 intentional false statement, misrepresentation, or concealment of
23 material information in violation of section 54(a) or (b) or
24 sections 54a to 54c, ~~within~~**not later than** 3 years after the
25 receipt of the improperly paid benefits unless the unemployment
26 insurance agency filed a civil action in a court within the 3-year
27 period; the individual made an intentional false statement,
28 misrepresentation, or concealment of material information to obtain
29 the benefits; or the unemployment insurance agency issued a

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

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

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

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

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

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

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

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

1 occurred cannot be determined, the waiver applies from the first
2 day of the first week that the improper payments for which the
3 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~~ **not later than** 4 years after cancellation of
28 rights to benefits under this subsection, the claimant, in addition
29 to making the restitution of benefits established under subsection

1 (a), may be liable for an additional amount as otherwise determined
2 by the unemployment insurance agency under this act, which may be
3 paid by cash, deduction from benefits, or deduction from a tax
4 refund. The claimant is liable for any fee the federal government
5 imposes with respect to instituting a deduction from a federal tax
6 refund. 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. **However, a**
12 **determination that benefits have been improperly paid is not final**
13 **unless the unemployment insurance agency notifies the claimant of**
14 **the right to request an in-person or telephone hearing, at the**
15 **claimant's option, to appeal the determination, and to have counsel**
16 **present at the hearing. The unemployment insurance agency shall not**
17 **take action to recover benefits improperly paid or to enforce**
18 **interest, penalties, or any additional amount under this section**
19 **until after the claimant has exercised the right to a hearing or**
20 **has expressly waived that right.**

21 (d) The unemployment insurance agency shall take the action
22 necessary to recover all benefits improperly obtained or paid under
23 this act, and to enforce all interest and penalties under
24 subsection (b). The unemployment insurance agency may conduct an
25 amnesty program for a designated period under which penalties and
26 interest assessed against an individual owing restitution for
27 improperly paid benefits may be waived if the individual pays the
28 full amount of restitution owing within the period specified by the
29 agency.

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

3 (f) The unemployment insurance agency shall not make a
4 determination that a claimant made an intentional false statement,
5 misrepresentation, or concealment of material information that is
6 subject to sanctions under this section based solely on a computer-
7 identified discrepancy in information supplied by the claimant or
8 employer. An unemployment insurance agency employee or agent must
9 examine the facts and independently determine that the claimant or
10 the employer is responsible for a willful or intentional violation
11 before the agency makes a determination under this section.

12 (g) By January 31 each year, ~~beginning in 2019,~~ the
13 unemployment insurance agency shall provide a written report
14 regarding waivers under subsection (a) (ii) to the chairpersons of
15 the standing committees and the appropriations subcommittees of the
16 house of representatives and senate having jurisdiction over
17 legislation pertaining to employment security. The report must
18 include all of the following information from the immediately
19 preceding calendar year in a form that does not identify an
20 individual, claimant, or employer:

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

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

25 (iii) The number of individuals who submitted an application for
26 a waiver.

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

29 (A) An unemployment insurance agency determination.

1 (B) An unemployment insurance agency redetermination.

2 (C) An administrative law judge order.

3 (D) A Michigan compensation appellate commission order.

4 (E) A court order.

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

7 (A) An unemployment insurance agency determination.

8 (B) An unemployment insurance agency redetermination.

9 (C) An administrative law judge order.

10 (D) A Michigan compensation appellate commission order.

11 (E) A court order.

12 (vi) The total amount of restitution waived.

13 (h) The unemployment insurance agency shall not initiate
14 recovery of improperly paid benefits under subsection (a) until the
15 unemployment insurance agency has reviewed the claim for
16 eligibility to receive a waiver under subsection (a) (i) and (iii) to
17 which the claimant may be entitled and issued a notice to the
18 claimant that includes all of the following information:

19 (i) A determination of eligibility for each waiver for which
20 eligibility was considered or, if a determination could not be
21 reached, the information the unemployment insurance agency needs to
22 make a determination.

23 (ii) The consequences of each determination on the claimant's
24 benefit rights and any overpayment owed, including the issue or
25 matter generating the overpayment and the weeks of benefits
26 affected.

27 (iii) The claimant's protest and appeal rights with respect to
28 the determination or redetermination on the claimant's eligibility
29 for a waiver and the underlying determination or redetermination

1 that generated the overpayment.