

**SUBSTITUTE FOR
SENATE BILL NO. 981**

A bill to amend 1936 (Ex Sess) PA 1, entitled "Michigan employment security act," by amending sections 3, 4, 5, 5a, 5b, 6a, 8, 9, 10, and 10a (MCL 421.3, 421.4, 421.5, 421.5a, 421.5b, 421.6a, 421.8, 421.9, 421.10, and 421.10a), section 3 as amended by 2003 PA 174, section 4 as amended and section 5b as added by 2002 PA 192, section 5 as amended by 1983 PA 164, section 5a as amended by 2017 PA 227, section 6a as amended by 2011 PA 269, section 8 as amended by 1996 PA 535, section 10 as amended by 2016 PA 517, and section 10a as added by 2011 PA 268; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) The ~~bureau of worker's and unemployment~~
2 ~~compensation~~ **insurance agency** shall establish policies in

1 conformity with this act to do all of the following:

2 (a) Reduce and prevent unemployment.

3 (b) Promote the reemployment of unemployed workers throughout
4 this state in every other way that may be feasible.

5 (c) Carry on and publish the results of investigations and
6 research studies.

7 (d) Investigate, recommend, advise, and assist in the
8 establishment and operation, by municipalities, counties, school
9 districts, and this state, of reserves for public works to be used
10 in times of business depression and unemployment.

11 (2) As used in this act:

12 (a) "Bureau", "commission", ~~and "unemployment agency", and~~
13 **"unemployment insurance agency"** mean the ~~bureau of worker's and~~
14 ~~unemployment compensation~~ **insurance agency** created in section
15 ~~5b~~ **within the department of labor and economic growth under**
16 **Executive Reorganization Order No. 2003-1, MCL 445.2011.**

17 (b) "Director" means the director of the ~~bureau of worker's~~
18 ~~and unemployment compensation~~ **insurance agency.**

19 (c) "Experience account" means an account in the unemployment
20 compensation fund showing an employer's experience with respect to
21 contribution payments and benefit charges under this act,
22 determined and recorded in the manner provided in this act. A
23 reference in this act to an employer's "experience record" or
24 "rating account" shall be construed to include reference to the
25 employer's experience account.

26 (d) "Nonchargeable benefits account" and "solvency account"
27 mean the account in the unemployment compensation fund maintained
28 as provided in section 17(2) and (3).

29 Sec. 4. (1) The ~~bureau may~~ **unemployment insurance agency shall**

1 promulgate rules and regulations that it determines necessary, and
2 that are not inconsistent with to **implement** this act, to carry out
3 this act. **under the administrative procedures act of 1969, 1969 PA**
4 **306, MCL 24.201 to 24.328.**

5 (2) The bureau shall cause to be printed for distribution to
6 the public the text of this act, and all rules and regulations of
7 the bureau, and **unemployment insurance agency** shall make available
8 to the public upon on request statements of all informal rules or
9 criteria of decision, administrative policies, or interpretations,
10 which may be utilized **used** by the bureau **unemployment insurance**
11 **agency** or any of its agents or employees in any manner, **except as**
12 **provided under section 11.**

13 (3) No rule or regulation shall be made or changed until after
14 public hearing, notice of which shall first be given not less than
15 20 days before the hearing, by publication in at least 3 newspapers
16 of general circulation in different parts of this state, 1 of which
17 shall be in the Upper Peninsula. Copies of proposed rules or
18 regulations shall be furnished by the bureau upon application by
19 any interested parties. Rules and regulations shall become
20 effective in accordance with the administrative procedures act of
21 1969, 1969 PA 306, MCL 24.201 to 24.328.

22 Sec. 5. (1) The commission by affirmative vote of not less
23 than 3 of its members shall appoint an administrative officer,
24 hereinafter referred to as the director, who shall serve at the
25 pleasure of the commission and shall act as secretary of the
26 commission and shall perform other duties as shall be delegated by
27 the commission. The director shall **must** receive an annual salary as
28 established annually by the legislature and shall be **is** entitled to
29 the actual and necessary expenses incurred in the discharge of his

1 ~~or her~~ **the director's** official duties, to be paid from the
 2 administration fund. The director shall devote ~~his or her~~ **the**
 3 **director's** entire time to the duties of the office. The director
 4 may appoint ~~, with the approval of the commission,~~ employees and
 5 assistants as ~~shall be necessary~~ for the proper exercise of the
 6 ~~powers hereby granted,~~ **director's official duties** and ~~subject to~~
 7 ~~the approval of the commission~~ may delegate to those employees or
 8 assistants the authority as ~~he or she~~ **the director** considers
 9 reasonable and necessary. Employees and assistants ~~shall~~ **must**
 10 receive ~~their~~ actual and necessary expenses incurred in the
 11 discharge of ~~their~~ official duties. Compensation and expenses of
 12 the director, ~~and all assistants,~~ and employees ~~shall~~ **must** be paid
 13 from the administration fund. ~~The commission may incur expenses as~~
 14 ~~shall be required to carry out this act.~~

15 ~~(2) The commission shall arrange for a suitable bond for any~~
 16 ~~person holding moneys or signing checks or vouchers under this act.~~
 17 ~~The cost of the bond shall be paid from the administration fund~~
 18 ~~under section 10.~~

19 ~~(3) The director, in consultation with the commission, shall~~
 20 ~~appoint not to exceed 20 persons who shall be law students or other~~
 21 ~~persons who have previous experience in unemployment compensation~~
 22 ~~for the purposes of providing assistance to employers in~~
 23 ~~interpreting the provisions of this act and to represent claimants~~
 24 ~~at the referee and board of review hearing levels. Appointments~~
 25 ~~made under this subsection shall not exceed 20 full-time equivalent~~
 26 ~~positions and shall terminate April 1, 1986.~~

27 Sec. 5a. (1) ~~For calendar years beginning January 1, 1994 and~~
 28 ~~ending December 31, 1998, the~~ **The** unemployment **insurance** agency
 29 shall develop and implement a program to provide, ~~upon~~ **on** request,

1 claimant and employer advocacy assistance or consultation. The
 2 purpose of the program is to provide information, consultation, and
 3 representation to claimants and employers ~~relating to the referee~~
 4 ~~or board of review appeal levels,~~ **in proceedings conducted by the**
 5 **Michigan office of administrative hearings and rules, the**
 6 **unemployment insurance appeals commission,** or both.

7 (2) The program must be funded from the penalty and interest
 8 account in the contingent fund. If the program does not operate or
 9 the legislature ~~fails to~~ **does not** approve a yearly appropriation
 10 for the program in an amount at least equal to the maximum yearly
 11 expenditure for the program as provided in this subsection, then
 12 the provision of section 19(a)(5) reducing the maximum
 13 nonchargeable benefits component from 1% to 1/2 of 1% is not
 14 effective for a tax year for which the appropriation is not made or
 15 in which the program does not operate. ~~For fiscal years beginning~~
 16 ~~on and after October 1, 1994, the~~ **The** maximum amount of the
 17 expenditure for the program each year must not exceed
 18 \$1,500,000.00.

19 (3) The appropriations must be used to finance all costs
 20 connected with the program. Costs related to the representation of
 21 claimants must not exceed 60% of the maximum expenditure allowed in
 22 each fiscal year, and costs related to the representation of
 23 employers must not exceed 40% of the maximum expenditure allowed in
 24 each fiscal year.

25 (4) Before an individual provides advocacy assistance services
 26 under this section, the individual must apply to the unemployment
 27 **insurance** agency for approval. The unemployment **insurance** agency
 28 shall develop standards for individuals ~~providing~~ **who provide**
 29 advocacy assistance services including standards relating to

1 knowledge of this act and the practices and procedures ~~at~~ **of** the
2 ~~referee and board of review appeal levels. Michigan office of~~
3 **administrative hearings and rules and the unemployment insurance**
4 **appeals commission.** An individual who is not an attorney may
5 provide advocacy assistance services. The unemployment **insurance**
6 agency shall develop a schedule for payment of individuals
7 providing advocacy assistance services. Active unemployment
8 **insurance** agency or state employees shall not provide advocacy
9 assistance services. The only active state or unemployment
10 **insurance** agency employees involved in the program ~~shall be~~ **are**
11 those supervising or coordinating the program.

12 (5) The unemployment **insurance** agency may include in the
13 program standards regarding the provision of advocacy assistance
14 services in precedent setting cases, multiclaimant cases, cases
15 without merit, or regarding other cases or factors as determined by
16 the unemployment **insurance** agency. However, to the extent that
17 funding is available from the appropriation under subsection (2),
18 the unemployment **insurance** agency shall not withhold advocacy
19 assistance services in cases involving fraud under section 54. If
20 the unemployment **insurance** agency makes a final determination or
21 final redetermination or an administrative law judge, the ~~Michigan~~
22 ~~compensation appellate~~ **unemployment insurance appeals** commission,
23 or a court makes a final order that an employer or claimant who
24 received advocacy assistant services committed fraud under section
25 54, the unemployment **insurance** agency shall make an effort to
26 recover from the employer or claimant, respectively, an amount
27 equal to the representation fees associated with the advocacy
28 assistance services provided to the employer or claimant,
29 respectively.

1 (6) Individuals who are approved by the unemployment **insurance**
2 agency to provide advocacy assistance services ~~shall~~**must** enter
3 into a contract with the unemployment **insurance** agency that states
4 that the payments made ~~pursuant to~~**based on** the schedule
5 established by the unemployment **insurance** agency are payment in
6 full for all services rendered and expenses incurred and that the
7 claimant or employer who has received the benefit of the services
8 will not be billed for and is not liable for the cost of the
9 services or representation provided. An individual approved by the
10 unemployment **insurance** agency to provide advocacy assistance
11 services ~~shall~~**must** accept only the fee approved by the
12 unemployment **insurance** agency for the services and ~~shall~~**must** not
13 accept any other fee for the services from the claimant or the
14 employer.

15 (7) If a claimant or an employer receives advocacy assistance
16 services beyond an initial consultation, the other party in the
17 case must be immediately notified. The unemployment **insurance**
18 agency shall include in the program provisions to determine the
19 method and the timeliness by which immediate notice must be
20 provided. The unemployment **insurance** agency shall not approve the
21 same individual to provide advocacy assistance services for both
22 claimants and employers. The unemployment **insurance** agency shall
23 clearly designate each individual approved to provide services
24 under this section as representing either claimants or employers.
25 An individual approved by the unemployment **insurance** agency to
26 provide advocacy assistance services is not entitled to payment
27 under this section for representing the individual's own personal
28 interests. An active state employee shall not represent a claimant
29 or an employer under this program at ~~the referee or board of review~~

1 ~~appeal levels. a hearing conducted by the Michigan office of~~
 2 ~~administrative hearings and rules or the unemployment insurance~~
 3 ~~appeals commission.~~ However, this subsection does not prohibit an
 4 employee of the unemployment **insurance** agency from participating in
 5 a case in which the unemployment **insurance** agency is an interested
 6 party or from representing the unemployment **insurance** agency's
 7 interest when acting as an administrator for a federal program as
 8 required by federal law.

9 (8) The unemployment **insurance** agency shall make an annual
 10 report to the legislature on the operation of the program. The
 11 first report under this subsection is due within 60 days after the
 12 first anniversary date of the beginning of the program. Each report
 13 under this subsection must include, but ~~is not~~ **be** limited to, the
 14 following for the previous 12-month period:

- 15 (a) Number and type of claimants served.
- 16 (b) Number and type of employers served.
- 17 (c) Costs to the program of the claimants served.
- 18 (d) Costs to the program of the employers served.
- 19 (e) An analysis of the impact of the services provided on the
 20 appeal system provided by this act.

21 Sec. 5b. ~~(1) The bureau of worker's and unemployment~~
 22 ~~compensation is created within the department of consumer and~~
 23 ~~industry services.~~

24 ~~(2) The bureau shall be headed by a director who shall be of~~
 25 **the unemployment insurance agency is** appointed by the governor.

26 ~~(3) All of the authority, powers, functions, duties, and~~
 27 ~~responsibilities of the unemployment agency provided under this act~~
 28 ~~are transferred to the bureau as provided in Executive Order No.~~
 29 ~~2002-1.~~

1 ~~(4) All of the powers, functions, duties, and responsibilities~~
2 ~~of the director of the unemployment agency, defined as the director~~
3 ~~of employment security in Executive Order No. 1997-12, provided~~
4 ~~under this act are transferred to the director as provided in~~
5 ~~Executive Order No. 2002-1.~~

6 Sec. 6a. **(1) The-Except as otherwise provided in section 11, a**
7 **writing prepared, owned, used, in the possession of, or retained by**
8 **the** unemployment insurance agency ~~may destroy or dispose of a~~
9 ~~document as soon as practicable after the document has been~~
10 ~~electronically captured and preserved in an information retrieval~~
11 ~~system.~~ **in the performance of an official function is subject to**
12 **all of the following:**

13 **(a) The freedom of information act, 1976 PA 442, MCL 15.231 to**
14 **15.246.**

15 **(b) Sections 284 to 292 of the management and budget act, 1984**
16 **PA 431, MCL 18.1284 to 18.1292.**

17 **(c) The Michigan history center act, 2016 PA 470, MCL 399.801**
18 **to 399.812.**

19 **(2) Electronically stored records shall-must** be retained for
20 the same minimum retention period as required for the original
21 record. If an original document is destroyed or disposed of
22 ~~pursuant to~~ **under** this section, a reproduction of the document
23 **reproduced** in a medium pursuant to the records reproduction act,
24 1992 PA 116, MCL 24.401 to 24.406, is admissible in evidence **in** the
25 same **manner** as the original in any proceeding before the
26 ~~commission,~~ **unemployment insurance agency, an** administrative law
27 judge, ~~or Michigan compensation appellate~~ **the unemployment**
28 **insurance appeals** commission, and in all courts. Information
29 contained on printouts prepared by automatic data processing

1 equipment is also admissible in evidence, if the original documents
2 from which ~~such—the~~ information was obtained would have been
3 admissible.

4 Sec. 8. A basic purpose of this act is to lighten the burden
5 of involuntary unemployment on the unemployed worker and ~~his—the~~
6 **worker's** family. In view of this, the maximum weekly benefit rates
7 under section 27(b) are related to the cost of the necessities of
8 life for the various dependency classes recognized in that section.
9 At the same time, the legislature has concluded that the maximum
10 weekly benefit rates established in that section will finance the
11 most favorable standard of living consistent with maintaining for
12 unemployed individuals generally a proper incentive to seek and
13 accept new work. To maintain this optimum relationship between
14 maximum weekly benefit rates and the standard of living of the
15 unemployed individual, the maximum weekly benefit rates established
16 ~~shall—must~~ be reviewed annually. The ~~commission—unemployment~~
17 **insurance agency** shall annually, not later than February 28,
18 compare the United States ~~department of labor's consumers' price~~
19 ~~index—Consumer Price Index from the United States Department of~~
20 **Labor, Bureau of Labor Statistics**, for the preceding December with
21 the corresponding United States ~~department of labor's consumers'~~
22 ~~price index—Consumer Price Index from the United States Department~~
23 **of Labor, Bureau of Labor Statistics**, for the base month. ~~The base~~
24 ~~month, as used in this subsection, means the month of June 1974,~~
25 ~~which shall remain the base month until the next adjustment of~~
26 ~~maximum weekly benefit rates is made. Thereafter, the—The~~ base
27 month ~~shall be—is~~ the month of December preceding the most recent
28 calendar year in which an adjustment of maximum weekly benefit
29 rates is made. If in a calendar year the United States ~~department~~

1 ~~of labor's consumers' price index~~ **Consumer Price Index from the**
 2 **United States Department of Labor, Bureau of Labor Statistics,** for
 3 the preceding December has increased or decreased as compared to
 4 the base month, the ~~commission~~ **unemployment insurance agency** shall
 5 determine the percentage of that increase or decrease. The
 6 ~~commission~~ **unemployment insurance agency** shall then multiply the
 7 maximum weekly benefit rate for each dependency class by this
 8 percentage. If the product thus obtained is \$1.00 ~~,~~ or more, the
 9 ~~commission~~ **unemployment insurance agency** shall report that fact to
 10 the governor ~~,~~ **and** the legislature. ~~,~~ ~~and the Michigan employment~~
 11 ~~security advisory council.~~

12 Sec. 9. (1) The ~~commission~~ **may by itself, unemployment**
 13 **insurance agency** or ~~by~~ its duly appointed agents ~~,~~ **may** examine or
 14 copy the books, records, and papers of any employing unit relating
 15 to any requirement pertaining to this act. Any member of the
 16 ~~commission~~ **unemployment insurance agency** or its duly authorized
 17 agents may issue a subpoena ~~requiring that~~ **requires** any person to
 18 ~~appear~~ **do any of the following:**

19 (a) **Appear** before the ~~commission,~~ **unemployment insurance**
 20 **agency** or its duly authorized ~~agent~~ **agents** at any reasonable time
 21 and place. ~~,~~ ~~and be~~

22 (b) **Be** examined with reference to any matter within the scope
 23 of the inquiry or investigation being conducted by the ~~commission~~
 24 ~~and to produce~~ **unemployment insurance agency.**

25 (c) **Produce** any books, records, or papers pertaining to the
 26 question involved.

27 (2) Any member of the ~~commission~~ **unemployment insurance agency**
 28 or its duly authorized agents may administer an oath or affirmation
 29 to a witness in any matter before the ~~commission,~~ **unemployment**

1 **insurance agency**, certify to official acts, and take depositions.

2 ~~In case of disobedience of~~

3 (3) **If a person disobeys** a subpoena, the ~~commission,~~
 4 **unemployment insurance agency** or the party on whose behalf ~~it~~**the**
 5 **subpoena** was issued ~~,~~ may invoke the aid of any circuit court of
 6 ~~the~~**this** state ~~in requiring to require~~ the attendance and testimony
 7 of witnesses and the production of books, records, and papers
 8 pertaining to the question involved. ~~And any~~**Any** of the circuit
 9 courts of ~~the~~**this** state within the jurisdiction of which ~~such~~**the**
 10 inquiry is carried on may, ~~in case of contumacy or if the~~ refusal
 11 to obey a subpoena **continues**, issue an order requiring ~~such~~**the**
 12 person to appear before ~~said commission~~**the unemployment insurance**
 13 **agency** or its duly authorized agents and to produce books, records,
 14 and papers if so ordered and give evidence touching the matter in
 15 question. ~~and~~**The circuit court may punish** any failure to obey
 16 ~~such~~**its** order ~~of the court may be punished by such court as a~~
 17 contempt ~~thereof.~~**of court.**

18 (4) ~~No person shall be~~**An individual is not** excused from
 19 testifying or from producing any books, records, or papers in any
 20 investigation, or upon any hearing, when ordered to do so by the
 21 ~~commission,~~**unemployment insurance agency** or its duly authorized
 22 agents, ~~upon~~**on** the ground that the testimony or evidence,
 23 documentary or otherwise, may tend to incriminate ~~him~~**the**
 24 **individual** or subject ~~him~~**the individual** to a criminal penalty. ~~+~~
 25 ~~but no person shall~~**An individual must not** be prosecuted or
 26 subjected to any criminal penalty for, or on account of, any
 27 transaction made or thing concerning which ~~he~~**the individual** is
 28 compelled, upon the claiming of ~~his~~**the individual's** privilege to
 29 testify. ~~No person so testifying shall be~~**An individual who**

1 **testifies is not** exempt from prosecution and punishment for perjury
2 committed in ~~so~~-testifying.

3 Sec. 10. (1) There is created in the department of treasury a
4 special fund to be known and designated as the administration fund
5 (Michigan employment security act). Any balances in the
6 administration fund at the end of any fiscal year of this state
7 ~~shall-must~~ be carried over as a part of the administration fund and
8 ~~shall-do~~ not revert to the general fund of this state. Except as
9 otherwise provided in subsection (3), all money deposited into the
10 administration fund under this act ~~shall-must~~ be appropriated by
11 the legislature to the unemployment **insurance** agency to pay the
12 expenses of the administration of this act.

13 (2) The administration fund ~~shall-must~~ be credited with all
14 money appropriated to the fund by the legislature, all money
15 received from the United States or any agency of the United States
16 for that purpose, and all money received by this state for the
17 fund. All money in the administration fund that is received from
18 the federal government or any agency of the federal government or
19 that is appropriated by this state for the purposes of this act,
20 except money requisitioned from the account of this state in the
21 unemployment trust fund pursuant to a specific appropriation made
22 by the legislature in accordance with section 903(c) (2) of title IX
23 of the social security act, 42 USC ~~1103(e)(2),~~ **1103**, and with
24 section 17(3) (f), ~~shall-must~~ be expended solely for the purposes
25 and in the amounts found necessary by the appropriate agency of the
26 United States and the legislature for the proper and efficient
27 administration of this act.

28 (3) All money requisitioned from the account of this state in
29 the unemployment trust fund pursuant to a specific appropriation

1 made by the legislature in accordance with section 903(c)(2) of
2 title IX of the social security act, 42 USC ~~1103(e)(2)~~, **1103**, and
3 with section 17(3)(f), ~~shall~~**must** be deposited in the
4 administration fund. Any money that remains unexpended at the close
5 of the 2-year period beginning on the date of enactment of a
6 specific appropriation ~~shall~~**must** be immediately redeposited with
7 the secretary of the treasury of the United States to the credit of
8 this state's account in the unemployment trust fund; or any money
9 that for any reason cannot be expended or is not to be expended for
10 the purpose for which appropriated before the close of this 2-year
11 period ~~shall~~**must** be redeposited at the earliest practicable date.

12 (4) If any money received after June 30, 1941, from the
13 appropriate agency of the United States under title III of the
14 social security act, 42 USC 501 to 504, or any unencumbered
15 balances in the administration fund (Michigan employment security
16 act) as of that date, or any money granted after that date to this
17 state under the Wagner-Peyser act, as **that term is** defined in
18 section 12, or any money made available by this state or its
19 political subdivisions and matched by money granted to this state
20 under the Wagner-Peyser act, is found by the appropriate agency of
21 the United States, because of any action or contingency, to have
22 been lost or been expended for purposes other than, or in amounts
23 in excess of, those found necessary by that agency of the United
24 States for the proper administration of this act, the money ~~shall~~
25 **must** be replaced by money appropriated for that purpose from the
26 general funds of this state to the administration fund (Michigan
27 employment security act) for expenditure as provided in this act.
28 Upon receipt of notice of such a finding by the appropriate agency
29 of the United States, the unemployment **insurance** agency shall

1 promptly report the amount required for replacement to the governor
 2 and the governor shall, at the earliest opportunity, submit to the
 3 legislature a request for the appropriation of that amount. This
 4 subsection does not relieve this state of its obligation with
 5 respect to funds received ~~prior to~~ **before** July 1, 1941, under the
 6 provisions of 42 USC 501 to 504.

7 (5) If any funds expended or disbursed by the unemployment
 8 **insurance** agency are found by the appropriate agency of the United
 9 States to have been lost or expended for purposes other than, or in
 10 amounts in excess of, those found necessary by that agency of the
 11 United States for the proper administration of this act, and if
 12 these funds are replaced as provided in subsection (4) by money
 13 appropriated for that purpose from the general fund of this state,
 14 then the director who approved the expenditure or disbursement of
 15 those funds for those purposes or in those amounts, is liable to
 16 this state in an amount equal to the sum of money appropriated to
 17 replace those funds.

18 (6) There is created in the department of treasury a separate
 19 fund to be known as the contingent fund (Michigan employment
 20 security act). ~~into which shall be deposited all~~ **All** solvency taxes
 21 collected under section 19a and all interest on contributions,
 22 penalties, and damages collected under this act **must be deposited**
 23 **into the contingent fund (Michigan employment security act)**. ~~Except~~
 24 ~~as provided in subsection (7), all~~ **All** amounts in the contingent
 25 fund (Michigan employment security act) and all earnings on those
 26 amounts are continuously appropriated without regard to fiscal year
 27 for the administration of the ~~talent investment agency, as~~
 28 ~~established under Executive Reorganization Order No. 2014-6, MCL~~
 29 ~~125.1995,~~ **unemployment insurance and workforce development**

1 **programs**, including, but not limited to, the development and
2 execution of workforce training programs, and for the payment of
3 interest on advances from the federal government to the
4 unemployment compensation fund under 42 USC 1321, to be expended
5 only if authorized by the unemployment **insurance** agency. Money
6 deposited from the solvency taxes collected under section 19a ~~shall~~
7 **must** not be used for the administration of the unemployment
8 **insurance** agency, except for the repayment of loans from the state
9 treasury and interest on loans made under section 19a(3). However,
10 an authorization or expenditure ~~shall~~**must** not be made as a
11 substitution for a grant of federal funds or for any portion of a
12 grant that, in the absence of an authorization, would be available
13 to the unemployment **insurance** agency. Immediately upon receipt of
14 administrative grants from the appropriate agency of the United
15 States to cover administrative costs for which the unemployment
16 **insurance** agency has authorized and made expenditures from the
17 contingent fund, those grants ~~shall~~**must** be transferred to the
18 contingent fund to the extent necessary to reimburse the contingent
19 fund for the amount of those expenditures. Amounts needed to refund
20 interest, damages, and penalties erroneously collected ~~shall~~**must**
21 be withdrawn and expended for those purposes from the contingent
22 fund upon order of the unemployment **insurance** agency. Any amount
23 authorized to be expended for administration under this section may
24 be transferred to the administration fund. An amount not needed for
25 the purpose for which authorized ~~shall~~**must**, upon order of the
26 unemployment **insurance** agency, be returned to the contingent fund.
27 Amounts needed to refund erroneously collected solvency taxes ~~shall~~
28 **must** be withdrawn and expended for that purpose upon order of the
29 unemployment **insurance** agency.

1 ~~(7) For the fiscal year ending September 30, 2017 only,~~
2 ~~\$10,000,000.00 of the money in the contingent fund created in~~
3 ~~subsection (6) is transferred to and shall be deposited into the~~
4 ~~general fund.~~

5 Sec. 10a. (1) The obligation trust fund is created as a
6 separate fund in the state treasury. The assets of the obligation
7 trust fund ~~shall~~**must** not be commingled with any other fund and
8 ~~shall~~**must** not be considered part of the general fund of ~~the~~**this**
9 state.

10 (2) The state treasurer may receive money or other assets from
11 any source for deposit into the fund. All obligation assessments on
12 employers collected under section 26a; all interest on payments,
13 penalties, and damages collected in connection with the obligation
14 assessments made under section 26a; and a portion of the proceeds
15 of any obligations, as described in section 26a, in amounts
16 specified by the issuer, ~~shall~~**must** be deposited into the
17 obligation trust fund. The state treasurer shall direct the
18 investment of the fund. The state treasurer shall credit to the
19 fund interest and earnings from fund investments.

20 (3) Money in the obligation trust fund at the close of the
21 fiscal year ~~shall remain~~**remains** in the fund and ~~shall~~**does** not
22 lapse to the general fund. Money in the fund is continuously
23 appropriated for the purposes specified in section 26a.

24 (4) The department of ~~licensing and regulatory affairs~~ shall
25 be **labor and economic opportunity** is the administrator of the fund
26 for auditing purposes.

27 (5) The department of ~~licensing and regulatory affairs~~ **labor**
28 **and economic opportunity** shall expend money from the fund only for
29 1 or more of the following purposes:

1 (a) To pay obligations, administrative expenses, and
2 associated expenses described in section 26a.

3 (b) To refund erroneously collected assessments under section
4 26a.

5 (c) For any other purpose described in section 26a(1).

6 Enacting section 1. Sections 3a, 4a, 6, and 6b to 7 of the
7 Michigan employment security act, 1936 (Ex Sess) PA 1, MCL 421.3a,
8 421.4a, 421.6, and 421.6b to 421.7, are repealed.

9 Enacting section 2. This amendatory act does not take effect
10 unless Senate Bill No. 40 of the 102nd Legislature is enacted into
11 law.