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BILL ANALYSIS



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Senate Bill 700 (as introduced 11-6-25)
Sponsor: Senator Darrin Camilleri
Committee: Labor

Date Completed: 11-12-25

CONTENT

The bill would amend the Michigan Employment Security Act to do the following:

- Prohibit the Unemployment Insurance Agency (UIA) from recovering an improperly paid benefit three or more years after the date on which the improperly paid benefit was paid for claims for benefits made on or after the bill's effective date.**
- Require improperly paid benefits paid between February 7, 2020, and September 5, 2021, to be considered the result of an administrative or clerical error made by the UIA, which would result in the UIA waiving the recovery of these benefits, unless a final determination was made that benefits were improperly paid because of fraud or identity fraud.**

The Act governs the UIA's administration of the unemployment insurance program, which provides temporary financial assistance to individuals who became unemployed through no fault of their own. The Act also governs the taxes on employers that fund the assistance.

Currently, if the UIA determines that an individual has obtained benefits to which the individual is not entitled or some authority reverses a prior qualification for benefits, the UIA may recover a sum equal to the amount received plus interest. The Act generally requires the UIA to issue a determination requiring restitution for improperly paid benefits within three years of determining that benefits were improperly paid or within three years of the individual receiving the improperly paid benefits. These time limits do not prohibit the UIA from pursuing collection methods to recover the amounts found to have been improperly paid. Instead, under the bill, for claims for benefits made on or after the bill's effective date, the UIA could not seek to recover an improperly paid benefit three or more years after the date on which the improperly paid benefit was paid.

Additionally, except for an intentional false statement, misrepresentation, or concealment of material information, the UIA must waive recovery of an improperly paid benefit and any interest if payment would be contrary to equity and good conscience. Among other meanings, "contrary to equity and good conscience" means that the improperly paid benefits are the result of an administrative or clerical error made by the UIA. Under the bill, except for claims in which a final determination was made that benefits were improperly paid because of fraud or identity fraud, if the improperly paid benefit were paid between February 7, 2020, and September 5, 2021, the improperly paid benefit would be considered the result of an administrative or clerical error made by the UIA.

MCL 421.62

Legislative Analyst: Alex Krabill

FISCAL IMPACT

The bill would have a fiscal impact on the UIA, an indeterminate fiscal impact penalty and interest revenue, and no fiscal impact on local units of government. The UIA could experience savings by limiting the number of years back the UIA could go to seek improper payments to three years. This could reduce ongoing costs to the UIA in the future, or the UIA could use those resources to recover potential improper payments within the last three years.

The penalty and interest revenue could be reduced if there were potential fraud payments that could have been recovered that were over three years old. It is unknown whether there would be any noticeable impact to penalty and interest revenue because of this restriction.

Fiscal Analyst: Cory Savino, PhD

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.