

# HOUSE BILL No. 4954

September 4, 2013, Introduced by Rep. Goike and referred to the Committee on Commerce.

A bill to amend 1936 (Ex Sess) PA 1, entitled  
"Michigan employment security act,"  
by amending section 26 (MCL 421.26), as amended by 2005 PA 16.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 26. (a) There is established as a special fund, separate  
2 and apart from all public money or funds of this state, an  
3 unemployment compensation fund, herein referred to as the fund,  
4 which shall be administered by the commission exclusively for the  
5 purposes of this act. The fund shall consist of (1) all  
6 contributions and payments in lieu of contributions collected under  
7 the provisions of this act as well as reimbursement payments by the  
8 federal government for its portion of sharable extended benefits;  
9 (2) interest earned upon any moneys in the fund; (3) any property  
10 or securities acquired through the use of money belonging to the

1 fund; (4) all earnings of such property or securities; (5) amounts  
2 transferred from the contingent fund pursuant to section 10; (6)  
3 all money collected, including fines, civil penalties, and  
4 interest, under section 22b; ~~and~~ (7) **AMOUNTS CREDITED TO THE FUND**  
5 **UNDER SECTION 54; AND** (8) any other money received by the  
6 commission for unemployment compensation, except interest,  
7 penalties, and damages collected under other provisions of this  
8 act. All money in the fund shall be mingled and undivided.

9 (b) The commission shall designate a treasurer and custodian  
10 of the fund who shall administer the fund in accordance with the  
11 directions of the commission and shall issue his or her vouchers  
12 upon it in accordance with the regulations as the commission  
13 prescribes. The treasurer shall maintain within the fund 3 separate  
14 accounts: (1) a clearing account, (2) an unemployment trust fund  
15 account, and (3) a benefit account. All money payable to the fund,  
16 upon receipt by the commission, shall be forwarded to the treasurer  
17 who shall immediately deposit it in the clearing account. Refunds  
18 payable pursuant to section 16 may be paid from the clearing  
19 account upon vouchers issued by the treasurer under the direction  
20 of the commission. After clearance of the vouchers, all other money  
21 in the clearing account, except amounts needed for refunds and  
22 judgments, shall be immediately deposited with the secretary of the  
23 treasury of the United States of America to the credit of the  
24 account of this state in the unemployment trust fund, established  
25 and maintained pursuant to section 904 of the social security act,  
26 42 USC 1104. The benefit account shall consist of all money  
27 requisitioned from this state's account in the unemployment trust

1 fund. Except as otherwise provided in this act, money in the  
2 clearing and benefit accounts may be deposited by the treasurer,  
3 under the direction of the commission, in any depository designated  
4 by the commission.

5 (c)(1) Except as provided in paragraph (2) of this subsection,  
6 money shall be requisitioned from this state's account in the  
7 unemployment trust fund solely for the payment of benefits and in  
8 accordance with regulations prescribed by the commission. The  
9 commission shall from time to time requisition from the  
10 unemployment trust fund such amounts, not exceeding the amounts  
11 standing to its account in that fund, as it deems necessary for the  
12 payment of benefits for a reasonable future period. Upon receipt,  
13 the treasurer shall deposit the requisitioned money in the benefit  
14 account and shall issue his or her vouchers for the payment of  
15 benefits solely from the benefit account. All vouchers issued by  
16 the treasurer for the payment of benefits and refunds shall bear  
17 the signature of the treasurer and the counter-signature of a  
18 member of the commission or its duly authorized agent for that  
19 purpose. Any balance of money requisitioned from the unemployment  
20 trust fund which remains unclaimed or unpaid in the benefit account  
21 after the expiration of the period for which the sums were  
22 requisitioned shall either be deducted from estimates for, and may  
23 be utilized for the payment of, benefits during succeeding periods,  
24 or, in the discretion of the commission, shall be redeposited with  
25 the secretary of the treasury of the United States of America, to  
26 the credit of this state's account in the unemployment trust fund,  
27 as provided in subsection (b).

1           (2) The commission may requisition from this state's account  
2 in the unemployment trust fund such amounts, or portions thereof,  
3 as have been specifically appropriated by the legislature for the  
4 administration of this act in accordance with the provisions of  
5 section 903(c)(2) of the federal social security act, 42 USC  
6 1103(c)(2). Upon receipt, the treasurer shall deposit that money in  
7 the administration fund, but it shall remain a part of the  
8 unemployment compensation fund until expended.

9           (d) The provisions of subsections (a), (b), and (c), to the  
10 extent that they relate to the unemployment trust fund, shall be  
11 operative only while the unemployment trust fund continues to exist  
12 and until the secretary of the treasury of the United States of  
13 America continues to maintain for this state a separate account of  
14 all funds deposited in it by this state for benefit purposes,  
15 together with this state's proportionate share of the earnings of  
16 the unemployment trust fund, from which no other state is permitted  
17 to make withdrawals. If the unemployment trust fund ceases to  
18 exist, or the separate account is no longer maintained, all money,  
19 properties, or securities therein, belonging to the unemployment  
20 compensation fund of this state, shall be transferred to the  
21 treasurer of the unemployment compensation fund, who shall hold,  
22 invest, transfer, sell, deposit, and release the money, properties,  
23 or securities in a manner approved by the commission, in bonds or  
24 other interest bearing obligations of the United States of America  
25 or of this state. The investments shall be so made that all the  
26 assets of the fund are readily convertible into cash when needed  
27 for the payment of benefits. The treasurer shall dispose of

1 securities or other properties belonging to the unemployment  
2 compensation fund only under the direction of the commission.

3 (e) The unemployment compensation fund shall be audited by the  
4 auditor general at the times requested by the state administrative  
5 board.

6 (f) The commission may designate an assistant treasurer who,  
7 in the absence of the treasurer and custodian as designated by the  
8 commission under the authority conferred upon it under subsection  
9 (b), may perform the duties conferred upon the treasurer and  
10 custodian under this act.

11 (g) The commission may enter into agreements that are  
12 necessary to secure any advance or grant of funds by the secretary  
13 of the treasury of the United States in accordance with the  
14 authority extended under section 1201 of the social security act,  
15 42 USC 1321, or under any other act of congress extending that  
16 authority.

17 Any amount transferred to the unemployment trust fund by the  
18 secretary of the treasury of the United States under the terms of  
19 any agreement entered into in accordance with the authority  
20 extended in this subsection shall be repaid to the secretary of the  
21 treasury of the United States for the unemployment trust fund.

22 Whenever all interest bearing advances from the federal  
23 government have been repaid, if employers will be able to avoid,  
24 under the provisions of section 3302(g) of the federal unemployment  
25 tax act, 26 USC 3302(g), direct payment of the additional federal  
26 unemployment tax imposed under section 3302(c)(2) of the federal  
27 unemployment tax act, 26 USC 3302(c)(2), funds sufficient to

1 qualify for avoidance shall be transferred from the account of this  
2 state in the federal unemployment trust fund to the federal  
3 unemployment account in that trust fund, unless precluded by  
4 federal law.

5 Any interest required to be paid on advances under title XII  
6 of the social security act, 42 USC 1321 to 1324, shall be paid in a  
7 timely manner and shall not be paid, directly or indirectly by an  
8 equivalent reduction in contributions or payments in lieu of  
9 contributions, from amounts in this state's account in the federal  
10 unemployment trust fund.

11 Enacting section 1. This amendatory act does not take effect  
12 unless all of the following bills of the 97th Legislature are  
13 enacted into law:

14 (a) Senate Bill No. \_\_\_\_ or House Bill No. 4950 (request no.  
15 02824'13).

16 (b) Senate Bill No. \_\_\_\_ or House Bill No. 4951 (request no.  
17 02825'13).

18 (c) Senate Bill No. \_\_\_\_ or House Bill No. 4952 (request no.  
19 02826'13).

20 (d) Senate Bill No. \_\_\_\_ or House Bill No. 4949 (request no.  
21 02987'13).

22 (e) Senate Bill No. \_\_\_\_ or House Bill No. 4953 (request no.  
23 03440'13).