



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

## BILL ANALYSIS



Telephone: (517) 373-5383  
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House Bill 5165 (Substitute H-1 as reported without amendment)  
House Bill 5166 (Substitute H-1 as reported without amendment)  
House Bills 5167 through 5171 (as reported without amendment)  
House Bill 5172 (Substitute H-1 as reported without amendment)  
Sponsor: Representative Joseph Graves (H.B. 5165)  
Representative Kevin Hertel (H.B. 5166)  
Representative Wendell L. Byrd (H.B. 5167)  
Representative Diana Farrington (H.B. 5168)  
Representative Beau Matthew LaFave (H.B. 5169)  
Representative Joseph N. Bellino, Jr. (H.B. 5170)  
Representative Phil Phelps (H.B. 5171)  
Representative Martin Howrylak (H.B. 5172)

House Committee: Oversight  
Senate Committee: Oversight

**CONTENT**

Each of the bills would amend the Michigan Employment Security Act.

House Bill 5165 (H-1) would do the following:

- Create a system for an employer or affected individual to report to the Unemployment Insurance Agency (UIA) that a claim for benefits had been filed fraudulently by an impostor.
- Require the UIA to conduct an investigation to determine whether a claim was fraudulent and whether an impostor committed identity theft.
- Require the UIA to cancel all benefits on a claim, after making a determination that the claim was fraudulent.
- Require the UIA to credit an employer's account for benefits paid to an impostor that were charged to the account, if the UIA determined the impostor committed identity theft to obtain benefits.
- Require the UIA to provide to the Legislature an annual written report containing certain information regarding claims submitted by impostors in the preceding year, beginning in 2019.

House Bill 5166 (H-1) would revise the amount the UIA may recover for a fraudulent claim.

House Bill 5167 would prohibit the UIA from withholding advocacy assistance services in cases involving fraudulent claims, and require the UIA to attempt to recover fees paid for advocacy assistance services, if the employer or claimant who received the services committed fraud.

House Bill 5168 would do the following:

- Require an applicant for benefits to provide his or her driver license or State ID card and certain other information as requested, in addition to his or her Social Security number.

- Require the UIA to use all of the documentation and information provided by an applicant to verify his or her identity before making an initial payment on his or her claim.

House Bill 5169 would do the following:

- Reallocate to the Unemployment Compensation Fund funds currently paid into the Contingent Fund from penalties collected on unpaid contributions and unpaid restitution of benefit overpayments.
- Prohibit the UIA from assessing interest for improperly paid benefits that were the result of a UIA administrative or clerical error, and require any payment made by a claimant for such interest to be refunded.

House Bill 5170 would do the following:

- Require the UIA to make a determination regarding an employer's failure to provide a timely and adequate response to a request for information.
- Permit an employer to appeal a determination that it had failed to provide a timely or adequate response.
- Require the UIA to send a determination to an employer, or its agent, that demonstrated a pattern of failing to provide a timely or adequate response, and require the determination to include certain information, beginning in 2019.

House Bill 5171 would do the following:

- Delete a requirement that an individual not be at fault for the UIA to waive recovery of an improperly paid benefit.
- Revise the manner in which a claimant's household income is calculated in a determination of whether repayment would be contrary to equity and good conscience.
- Require the UIA to provide to the Legislature an annual written report containing certain information regarding waivers, beginning in 2019.

House Bill 5172 (H-1) would require the UIA to reconsider a prior determination or redetermination after the statutory 30-day period had expired if there were evidence that the prior determination or redetermination was not sent to an interested party's correct address.

Proposed MCL 421.54f-421.54h (H.B. 5165)  
MCL 421.54 (H.B. 5166)  
421.5a (H.B. 5167)  
421.28 (H.B. 5168)  
421.15 (H.B. 5169)  
421.20 (H.B. 5170)  
421.62 (H.B. 5171)  
421.32a (H.B. 5172)

Legislative Analyst: Stephen Jackson

## **FISCAL IMPACT**

The bills would increase administrative costs to the Unemployment Insurance Agency, and decrease revenue for the Penalties and Interest Contingency Fund. The UIA would need to develop procedures and investigate fraudulent claims being made by imposters. This would involve minor costs that would be funded from penalties and interest revenue. The UIA also would experience minor costs from issuing reports to the Legislature, as required by the bills. The bills would likely have a positive impact on the advocacy program by allowing it to reclaim the costs associated with providing advocacy services for cases in which a final determination of fraud was made. The bills also would increase the time in which individuals may request a redetermination on a fraud claim to up to three years after the date of the original

determination, which would likely increase the number of redetermination requests being made. This increase also would increase the administrative costs to the UIA.

The bills would likely reduce revenue to the Penalties and Interest Contingency Fund in a number of ways, both in the current year of enactment and in the long term. The first way is by lowering the amount of penalties that can be imposed in fraudulent cases. The second is by expanding the time that interest is applied on unpaid UIA contributions. Finally, the bills could reduce revenue by allowing individuals to request a redetermination on fraudulent cases up to three years from the original determination date, which could increase the number of repayments made out of the Penalties and Interest Contingency Fund. The exact extent of the decrease in revenue is currently unknown, but would likely be significant.

Date Completed: 12-5-17

Fiscal Analyst: Cory Savino

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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.