



HOUSE BILL No. 5578

May 25 1994 Introduced by Reps Martin, Hammerstrom Brackenridge Dalman, DeLange Dolan and Voorhees and referred to the Committee on Appropriations

A bill to amend section 396 of Act No 431 of the Public Acts of 1984, entitled as amended

"The management and budget act,"

as added by Act No 504 of the Public Acts of 1988, being section 18 1396 of the Michigan Compiled Laws

THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Section 396 of Act No 431 of the Public Acts of
2 1984, as added by Act No 504 of the Public Acts of 1988, being
3 section 18 1396 of the Michigan Compiled Laws, is amended to read
4 as follows

5 Sec 396 (1) From the appropriations contained in a budget
6 act, a state agency shall pay or record expenditures for the
7 following

8 (a) Court judgments, including court approved consent
9 judgments all settlements, awards, and claims

1 (b) Writeoffs of accounts receivable recorded in a prior
2 year

3 (2) The attorney general shall notify the senate and house
4 appropriations committees, the speaker of the house, and the
5 senate majority leader ~~within~~ NOT LESS THAN 14 days ~~after~~
6 BEFORE entering into a settlement or consent judgment which would
7 result in a state obligation that exceeds \$200,000 00 The
8 notice shall include a summary of the facts of the case and the
9 reason or reasons that the settlement or consent judgment would
10 be in the best interests of the state

11 (3) Each principal department shall establish separate
12 accounts for recording payments made pursuant to this section
13 The director may make transfers from appropriations contained in
14 a budget act into the accounts established pursuant to this sub-
15 section in such amounts as are necessary to cover the payments
16 made and expenditures recorded The transfers shall be made in
17 the same manner as, and subject to the same requirements as those
18 transfers which are made pursuant to section 393(1)

19 (4) Before December 1 of each year, each principal depart-
20 ment shall transmit to the appropriations committees and fiscal
21 agencies a written report which includes all of the following

22 (a) The total dollar amount of final judgments and settle-
23 ments against the principal department for the most recent com-
24 pleted fiscal year

25 (b) Each source of funding and item appropriating money in a
26 budget act, which source and item is used to pay the judgments
27 and settlements pursuant to subdivision (a)

1 (c) The total dollar amount of final judgments and
2 settlements received in the most recent completed fiscal year
3 pursuant to legal actions by the principal department

4 (d) Each revenue account in which money was credited pursu-
5 ant to subdivision (c)

6 (e) An estimate of the total dollar amount and a description
7 of the facts involved in each court action currently pending
8 against the department for the most recently completed fiscal
9 year