

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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House Bill 6004 (Substitute S-1 as reported)  
Sponsor: Representative Jim Howell  
House Committee: Civil Law and the Judiciary  
Senate Committee: Families, Mental Health and Human Services

### **CONTENT**

The bill would amend the Support and Parenting Time Enforcement Act to provide that all support orders would have to be stated in monthly amounts payable on the first of each month, and that a support order not paid by the last day of the month in which it accrued would be past due. The bill also would allow the State to perfect a lien on a payer's property when an arrearage reached two months of payments (instead of one year); and would prescribe procedures for levying against financial assets.

The Act provides that past due support constitutes a lien against the payer's real and personal property (other than financial assets pledged to a financial institution as collateral or to which a financial institution has a prior right of setoff or other lien). The Friend of the Court may perfect a lien upon the payer's property when an arrearage exceeds the amount of periodic payments payable for one year under the payer's support order. Under the bill, except as provided below, the Title IV-D agency (the Office of Child Support or a person performing its functions under contract) could perfect a lien when the arrearage had reach twice the monthly amount of periodic support payments. (Perfecting a lien gives the State priority over other creditors of the payer.)

The Title IV-D agency could levy against financial assets held by a financial institution, if the assets were subject to a lien and an arrearage had accrued in excess of twice the monthly support payable. When it received a notice of levy on a support payer's financial assets, a financial institution would have to freeze the assets up to the levy amount and notify the Title IV-D agency and the support payer. A payer or other person with interest in the assets could challenge the levy with the Title IV-D agency within 21 days. The agency would have to notify the financial institution about the challenge and, within seven days, review the case. A financial institution that received a notice of levy would have to forward money in the amount of past due support to the State disbursement unit within the Office of Child Support. A financial institution would incur no obligation or liability for complying with the bill.

The bill would take effect on June 1, 2003, and is tie-barred to House Bill 6012, which would amend the Act to address income withholding and enforcement issues.

MCL 552.602 et al.

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The revision of procedures regarding liens would result in administrative savings. The additional number of license suspensions that would result from changing the arrearage threshold is not determinable.

Date Completed: 6-10-02

Fiscal Analyst: Bill Bowerman

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Bill Analysis @ <http://www.senate.state.mi.us/sfa>

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.