

SUBSTITUTE FOR
HOUSE BILL NO. 4119

A bill to amend 1961 PA 236, entitled
"Revised judicature act of 1961,"
by amending section 4012 (MCL 600.4012), as amended by 2012 PA 304.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4012. (1) ~~Except for garnishment of a tax refund under~~
2 ~~section 4061a or garnishment of wages, salary, commissions, or~~
3 ~~other earnings, and subject to subsection (2), a writ of A~~
4 ~~garnishment of periodic payments remains in effect for the period~~
5 ~~prescribed by the Michigan court rules. A writ of garnishment of~~
6 ~~wages, salary, commissions, or other earnings remains in effect for~~
7 ~~182 days.~~ **UNTIL THE BALANCE OF THE JUDGMENT IS SATISFIED.**

8 (2) A garnishee is not liable for a ~~writ of garnishment of~~
9 ~~periodic payments~~ under subsection (1) to the extent that the
10 garnishee is required to satisfy another ~~writ of garnishment~~

1 against the same defendant having a higher priority or having the
2 same priority but received at an earlier date. For purposes of this
3 subsection, ~~writs of garnishment~~ **GARNISHMENTS** have priority in the
4 following order:

5 (a) A garnishment resulting from an obligation of court
6 ordered support as defined in section 2 of the support and
7 parenting time enforcement act, 1982 PA 295, MCL 552.602.

8 (b) A levy of the state or a governmental unit of the state to
9 satisfy a tax liability.

10 (c) Any other garnishments, in the order in which they are
11 served.

12 (3) IF A GARNISHMENT IS SUSPENDED PURSUANT TO AN ORDER UNDER
13 SECTIONS 6201 TO 6251 AND THE ORDER IS SUBSEQUENTLY SET ASIDE, THE
14 GARNISHMENT RETAINS ITS PRIORITY.

15 (4) A GARNISHMENT OR A NOTICE OF FAILURE IS NOT VALID OR
16 ENFORCEABLE UNLESS THE GARNISHMENT IS SERVED ON THE GARNISHEE IN
17 ACCORDANCE WITH THE MICHIGAN COURT RULES.

18 (5) WHILE A GARNISHMENT IS IN EFFECT, THE PLAINTIFF SHALL DO
19 BOTH OF THE FOLLOWING:

20 (A) AT LEAST ONCE EVERY 6 MONTHS AFTER THE PLAINTIFF RECEIVES
21 THE FIRST PAYMENT UNDER THE GARNISHMENT, PROVIDE TO THE GARNISHEE
22 AND DEFENDANT A STATEMENT SETTING FORTH THE BALANCE REMAINING ON
23 THE JUDGMENT, INCLUDING INTEREST AND COSTS. A FAILURE TO SEND A
24 TIMELY STATEMENT UNDER THIS SUBDIVISION DOES NOT AFFECT THE
25 GARNISHMENT OR ANY OBLIGATION OF THE GARNISHEE UNDER THE
26 GARNISHMENT.

27 (B) WITHIN 21 DAYS AFTER THE BALANCE OF THE JUDGMENT HAS BEEN

1 PAID IN FULL, INCLUDING ALL INTEREST AND COSTS, PROVIDE TO THE
2 GARNISHEE AND DEFENDANT A RELEASE OF GARNISHMENT.

3 (6) A PLAINTIFF SHALL NOT REQUEST THAT A DEFAULT BE ENTERED
4 AGAINST A GARNISHEE UNDER A GARNISHMENT UNLESS BOTH OF THE
5 FOLLOWING APPLY:

6 (A) IF THE GARNISHEE FAILS TO FILE A DISCLOSURE WITHIN 14 DAYS
7 AFTER SERVICE OF THE GARNISHMENT OR FAILS TO PERFORM ANY OTHER
8 REQUIRED ACT, THE PLAINTIFF HAS SERVED ON THE GARNISHEE A NOTICE OF
9 FAILURE SETTING FORTH THE REQUIRED ACT OR ACTS THAT THE GARNISHEE
10 HAS FAILED TO PERFORM.

11 (B) THE GARNISHEE HAS FAILED, WITHIN 28 DAYS AFTER THE DATE OF
12 SERVICE OF THE NOTICE OF FAILURE UNDER SUBDIVISION (A), TO CURE THE
13 IDENTIFIED FAILURE BY MAILING TO THE PLAINTIFF AND DEFENDANT A
14 DISCLOSURE CERTIFYING THAT THE GARNISHEE WILL IMMEDIATELY BEGIN
15 WITHHOLDING ANY AVAILABLE FUNDS PURSUANT TO THE GARNISHMENT AS
16 PROVIDED BY STATUTE OR COURT RULE, OR HAS COMMENCED PERFORMING ANY
17 OTHER REQUIRED ACT.

18 (7) THE PLAINTIFF SHALL ATTACH TO A REQUEST FOR ENTRY OF A
19 DEFAULT AS ALLOWED UNDER SUBSECTION (6) PROOF OF SERVING THE NOTICE
20 OF FAILURE. THE PLAINTIFF SHALL SEND A COPY OF THE REQUEST FOR
21 ENTRY OF A DEFAULT BY CERTIFIED MAIL TO THE GARNISHEE AT THE
22 GARNISHEE'S PRINCIPAL PLACE OF BUSINESS OR REGISTERED AGENT.

23 (8) AFTER ENTRY OF A DEFAULT UNDER SUBSECTION (6) AND BEFORE
24 ENTRY OF A DEFAULT JUDGMENT, THE GARNISHEE MAY CURE THE IDENTIFIED
25 FAILURE BY MAILING TO THE COURT, PLAINTIFF, AND DEFENDANT A
26 DISCLOSURE CERTIFYING THAT THE GARNISHEE WILL IMMEDIATELY BEGIN
27 WITHHOLDING ANY AVAILABLE FUNDS PURSUANT TO THE GARNISHMENT AS

1 PROVIDED BY STATUTE OR COURT RULE OR THAT IT HAS COMMENCED
2 PERFORMING ANY OTHER REQUIRED ACT.

3 (9) AFTER A DEFAULT HAS BEEN ENTERED UNDER SUBSECTION (6), THE
4 PLAINTIFF MAY FILE WITH THE COURT A REQUEST FOR DEFAULT JUDGMENT
5 FOR AN AMOUNT THAT DOES NOT EXCEED THE FULL AMOUNT OF THE UNPAID
6 JUDGMENT, INTEREST, AND COSTS, AS STATED IN THE REQUEST AND
7 GARNISHMENT. THE PLAINTIFF SHALL SEND A COPY OF THE REQUEST FOR
8 DEFAULT JUDGMENT BY CERTIFIED MAIL TO THE GARNISHEE AT THE
9 GARNISHEE'S PRINCIPAL PLACE OF BUSINESS OR RESIDENT AGENT.

10 (10) ON MOTION OF THE GARNISHEE FILED WITHIN 21 DAYS AFTER
11 ENTRY OF A DEFAULT JUDGMENT UNDER SUBSECTION (9), THE COURT SHALL
12 DO 1 OR MORE OF THE FOLLOWING, AS APPLICABLE:

13 (A) IF THE GARNISHEE CERTIFIES BY AFFIDAVIT THAT ITS FAILURE
14 TO COMPLY WITH THE GARNISHMENT WAS INADVERTENT OR CAUSED BY AN
15 ADMINISTRATIVE ERROR, MISTAKE, OR OTHER OVERSIGHT AND IT WILL
16 IMMEDIATELY BEGIN WITHHOLDING ANY AVAILABLE FUNDS OR IMMEDIATELY
17 BEGIN PERFORMING ANY OTHER REQUIRED ACT PURSUANT TO THE GARNISHMENT
18 AS PROVIDED BY STATUTE OR COURT RULE, REDUCE THE DEFAULT JUDGMENT
19 TO NOT MORE THAN THE AMOUNT THAT WOULD HAVE BEEN WITHHELD IF THE
20 GARNISHMENT HAD BEEN IN EFFECT FOR 56 DAYS.

21 (B) IF ANY OF THE FOLLOWING CIRCUMSTANCES EXIST, SET ASIDE THE
22 DEFAULT JUDGMENT:

23 (i) THE GARNISHEE WAS NOT LIABLE TO THE DEFENDANT FOR ANY
24 PERIODIC PAYMENTS AFTER SERVICE OF THE GARNISHMENT.

25 (ii) THE GARNISHMENT, NOTICE OF FAILURE, REQUEST FOR ENTRY OF A
26 DEFAULT, OR REQUEST FOR DEFAULT JUDGMENT WAS NOT PROPERLY SERVED OR
27 SENT AS REQUIRED BY THIS SECTION.

(iii) THE NOTICE OF FAILURE WAS MATERIALLY INACCURATE OR INCOMPLETE.

(11) A GARNISHEE MAY RECOVER AN AMOUNT FOR WHICH THE GARNISHEE IS LIABLE BECAUSE OF THE ENTRY OF A DEFAULT JUDGMENT UNDER SUBSECTION (9) OR (10) FROM FUTURE PERIODIC PAYMENTS TO THE DEFENDANT AS PROVIDED IN SECTION 7 OF 1978 PA 390, MCL 408.477.

(12) ~~(3)~~ Except as otherwise provided by statute, a plaintiff shall pay a fee of ~~\$6.00~~ **\$35.00 TO THE GARNISHEE** at the time a writ to the garnishee of garnishment of periodic payments is served upon ON the garnishee.

(13) AS USED IN THIS SECTION, "GARNISHMENT" MEANS ANY COURT ORDER DIRECTED TO A THIRD PARTY TO WITHHOLD PERIODIC PAYMENTS.

(14) ~~(4)~~ As used in this section and section 8410a, "periodic payments" means wages, salary, commissions, and other earnings, land contract payments, rent, and other periodic debt or contract payments that are or become payable during the effective period of the writ of garnishment. Periodic payments do not mean any of the following:

(a) Payments by a financial institution of interest on a deposit account.

(b) Charges made by a financial institution automatically against an account ~~which applies~~ **THAT ARE APPLIED** to a debt under an automatic payment authorization executed by the account owner.

(c) Payments made by a financial institution to honor a check or draft or to comply with an account holder's order of withdrawal of funds from an account.

(d) Interest earned on a certificate of deposit that is paid

1 into a deposit account.

2 Enacting section 1. This amendatory act applies to a writ of
3 garnishment issued after September 30, 2015.

4 Enacting section 2. This amendatory act does not take effect
5 unless House Bill No. 4120 of the 98th Legislature is enacted into
6 law.