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BILL



ANALYSIS

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Senate Bill 592 (Substitute S-2)
Sponsor: Senator Michael J. Bouchard
Committee: Families, Mental Health and Human Services

Date Completed: 12-21-95

SUMMARY OF SENATE BILL 592 (Substitute S-2) as passed by the Senate:

The bill would amend the Friend of the Court (FOC) Act to permit the FOC to report to a consumer reporting agency support information concerning any payer; and require the FOC to report a payer who was two or more months in arrears and had an arrearage of at least \$1,000. If the FOC Office made incorrect information available to a consumer reporting agency, the FOC would have to contact the consumer reporting agency within 14 days and correct the information. The bill would take effect on June 1, 1996.

Currently, the FOC may report to a credit reporting agency support information concerning all payers with a support arrearage of one or more months or an amount equal to at least \$1,000, whichever is reached first. Thereafter, the FOC must make the information available to the agency on a monthly basis. The bill, instead, would require the FOC to report support information, including the arrearage amount, concerning each payer with an arrearage of two or more months if the amount were at least \$1,000, and permit the FOC to make available support information concerning any other payer, on a monthly basis. The FOC could not make information available to a consumer reporting agency if the Office determined that the agency did not have sufficient capability "to systematically and timely make accurate use of the information" or if the agency did not furnish evidence satisfactory to the Office that the agency was a consumer reporting agency.

The Act requires the FOC to give the payer notice of the proposed action; the amount of the arrearage; the payer's right to a review, the date by which a request for a review must be made, and the grounds on which the payer may object; and that the payer may avoid the reporting by paying the entire arrearage within 21 days after the date notice was sent. The bill would delete a requirement that the payer also be notified that, if he or she is reported, support information will continue to be provided to the consumer reporting agency until the arrearage falls and remains below the applicable threshold for two years.

The FOC currently must give the payer a review to enable him or her to object to the reporting of the support information on the ground of a mistake of fact concerning the amount of the arrearage or the identity of the payer. This review must be provided if (a) before the initial reporting, the payer requests a review within 14 days after the date notice was sent, or (b) the payer requests a review within 30 days after notifying the FOC that he or she has been denied credit by a lender due in part to the reporting. The bill would delete those circumstances. The bill provides that, if the payer requested a review within the time specified in the notice, the FOC could not report the support information until after the time the review was scheduled to take place. The bill would delete a requirement that a review be held before a referee, the FOC, or an FOC employee who has not had prior involvement with the enforcement of a support obligation of the payer.

Under the Act, the FOC may not make support information available if (a) 21 days have not expired after the date the notice was sent, (b) the payer pays the entire arrearage within 21 days after the date the notice was sent, (c) the payer requests a review and two working days have not expired after the review, or (d) the payer pays the entire arrearage within two working days after the review. The bill would delete the latter two circumstances under which the FOC may not make support information available.

The bill also would delete provisions that do the following:

- Require the FOC to discontinue reporting support information regarding a payer and request deletion of information previously reported if the payer's arrearage has fallen and remained below the applicable threshold for two years.
- Provide that support information is not available if the support recipient has filed with the FOC an agreement signed by the payer and the recipient, stipulating that information be made available only upon the recipient's request (unless the recipient receives public assistance or an arrearage is payable to the State).
- Permit the FOC to charge a consumer reporting agency a fee up to the FOC's actual cost of complying with these reporting requirements.

Currently, upon request of a consumer reporting agency, the FOC must make available to the agency current support information of an individual payer whose case is being reported to the agency. Under the bill, the FOC also would have to make information available to the agency upon request of a payer.

MCL 552.512

Legislative Analyst: S. Margules

FISCAL IMPACT

The bill could reduce some administrative cost to the Friend of the Court Office. The impact would be minimal.

Fiscal Analyst: M. Bain

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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.