

REPRINT

SUBSTITUTE FOR

HOUSE BILL NO. 4816

(As passed the House, September 29, 1999)

A bill to amend 1971 PA 174, entitled
"Office of child support act,"
by amending section 1 (MCL 400.231), as amended by 1998 PA 112,
and by adding sections 6, 7, 8, and 9.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 1. As used in this act:
- 2 (a) "Account" means any of the following:
- 3 (i) A demand deposit account.
- 4 (ii) A draft account.
- 5 (iii) A checking account.
- 6 (iv) A negotiable order of withdrawal account.
- 7 (v) A share account.
- 8 (vi) A savings account.
- 9 (vii) A time savings account.

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- 1 (viii) A mutual fund account.
- 2 (ix) A securities brokerage account.
- 3 (x) A money market account.
- 4 (xi) A retail investment account.
- 5 (b) "Account" does not mean any of the following:
- 6 (i) A trust.
- 7 (ii) An annuity.
- 8 (iii) A qualified individual retirement account.
- 9 (iv) An account covered by the employee retirement income
10 security act of 1974, Public Law 93-406, 88 Stat. 829.
- 11 (v) A pension or retirement plan.
- 12 (vi) An insurance policy.
- 13 (c) "Address" means the primary address shown on the records
14 of a financial institution used by the financial institution to
15 contact an account holder.
- 16 (d) "Adult responsible for the child" means a parent, rela-
17 tive who has physically cared for the child, putative father, or
18 current or former guardian of a child, including an emancipated
19 or adult child.
- 20 (e) "Current employment" means employment within 1 year
21 before a friend of the court request for information.
- 22 (f) "Department" means the family independence agency.
- 23 (g) "Financial asset" means stock, a bond, a money market
24 fund, a deposit, an account, or a similar instrument.
- 25 (h) "Financial institution" means any of the following:
- 26 (i) A state or national bank.

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- 1 (ii) A state or federally chartered savings and loan
2 association.
- 3 (iii) A state or federally chartered savings bank.
- 4 (iv) A state or federally chartered credit union.
- 5 (v) An insurance company.
- 6 (vi) An entity that offers any of the following to a resi-
7 dent of this state:
- 8 (A) A mutual fund account.
- 9 (B) A securities brokerage account.
- 10 (C) A money market account.
- 11 (D) A retail investment account.
- 12 (vii) An entity regulated by the securities and exchange
13 commission that collects funds from the public.
- 14 (viii) An entity that is a member of the national associa-
15 tion of securities dealers and that collects funds from the
16 public.
- 17 (ix) An entity that collects funds from the public.
- 18 (i) "Office" means the office of child support.
- 19 (J) "PAYER", "RECIPIENT OF SUPPORT", "SOURCE OF INCOME", AND
20 "SUPPORT" MEAN THOSE TERMS AS DEFINED IN SECTION 2 OF THE SUPPORT
21 AND PARENTING TIME ENFORCEMENT ACT, 1982 PA 295, MCL 552.602.
- 22 (K) "STATE DISBURSEMENT UNIT" OR "SDU" MEANS THE ENTITY
23 ESTABLISHED IN SECTION 6 FOR CENTRALIZED STATE RECEIPT AND DIS-
24 BURSEMENT OF SUPPORT AND FEES.
- 25 SEC. 6. (1) THE STATE DISBURSEMENT UNIT IS ESTABLISHED AS
26 THE DIRECT RESPONSIBILITY OF THE OFFICE. THE SDU SHALL USE
27 AUTOMATED PROCEDURES, ELECTRONIC PROCESSES, AND COMPUTER-DRIVEN

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1 TECHNOLOGY TO THE MAXIMUM EXTENT FEASIBLE, EFFICIENT, AND
2 ECONOMICAL TO RECEIVE AND DISBURSE SUPPORT AND FEES.

3 (2) THE SDU IS THE SINGLE LOCATION TO WHICH A PAYER OR
4 SOURCE OF INCOME SUBJECT TO THIS SECTION SHALL SEND A SUPPORT OR
5 FEE PAYMENT. THE SDU SHALL DISBURSE A SUPPORT PAYMENT TO THE
6 RECIPIENT OF SUPPORT WITHIN 2 BUSINESS DAYS AFTER THE SDU
7 RECEIVES THE SUPPORT PAYMENT. NOT LESS THAN TWICE EACH CALENDAR
8 MONTH, THE SDU SHALL DISBURSE FEES THAT IT RECEIVES TO THE APPRO-
9 PRIATE COUNTY TREASURER OR OFFICE OF THE FRIEND OF THE COURT.

10 (3) IF A PAYER OR SOURCE OF INCOME ATTEMPTS TO MAKE A SUP-
11 PORT OR FEE PAYMENT TO THE SDU AND THE PAYMENT TRANSACTION FAILS
12 DUE TO NONSUFFICIENT FUNDS, THE SDU MAY TAKE ACTIONS TO COLLECT
13 FROM THE PAYER OR SOURCE OF INCOME THE SUPPORT OR FEE PAYMENT
14 AMOUNT, PLUS AN AMOUNT FOR THE EXPENSE OF THOSE ACTIONS.

15 SEC. 7. (1) THE DEPARTMENT SHALL DEVELOP A SCHEDULE FOR THE
16 TRANSITION FROM RECEIPT AND DISBURSEMENT OF SUPPORT AND FEES BY
17 OFFICES OF THE FRIEND OF THE COURT TO CENTRALIZED RECEIPT AND
18 DISBURSEMENT BY THE STATE DISBURSEMENT UNIT. THE SCHEDULE MAY
19 PROVIDE FOR THE TRANSITION TO TAKE PLACE IN STAGES SO THAT,
20 DURING THE TRANSITION PERIOD, THE SDU IS RESPONSIBLE FOR THE
21 RECEIPT AND DISBURSEMENT OF THE SUPPORT AND FEE PAYMENTS OF LESS
22 THAN ALL THE PAYERS AND RECIPIENTS OF SUPPORT WHOSE CASES ARE
23 ADMINISTERED BY A PARTICULAR OFFICE OF THE FRIEND OF THE COURT.
24 IN DEVELOPING THE SCHEDULE, THE DEPARTMENT SHALL CONSULT WITH
25 OTHER STATE AGENCIES AND WITH LOCAL AGENCIES.

26 (2) IN ACCORDANCE WITH SECTION 9 OF THE FRIEND OF THE COURT
27 ACT, 1982 PA 294, MCL 552.509, AND THE TRANSITION SCHEDULE

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1 DEVELOPED UNDER SUBSECTION (1), SDU RECEIPT AND DISBURSEMENT
2 APPLIES TO THE CASE OF A PAYER OR RECIPIENT OF SUPPORT STARTING
3 ON THE DATE SPECIFIED IN A NOTIFICATION TO THE OFFICE OF THE
4 FRIEND OF THE COURT, WHICH ADMINISTERS THE CASE, THAT THE SDU IS
5 PREPARED TO RECEIVE AND DISBURSE SUPPORT AND FEES FOR THE CASE OR
6 FOR A CLASS OF CASES TO WHICH THE CASE BELONGS. AS OF THE DATE
7 THAT SDU RECEIPT AND DISBURSEMENT OF SUPPORT AND FEES APPLIES TO
8 A PARTICULAR SUPPORT ORDER, A PROVISION IN THE ORDER DIRECTING
9 SUPPORT AND FEES TO BE PAID TO AN OFFICE OF THE FRIEND OF THE
10 COURT SHALL BE CONSIDERED TO DIRECT THE PAYMENTS TO THE SDU.

11 SEC. 8. (1) WHILE HELD BY THE STATE DISBURSEMENT UNIT,
12 MONEY THE SDU RECEIVES AS A SUPPORT PAYMENT IS THE MONEY OF THE
13 RECIPIENT OF SUPPORT, IS NOT PUBLIC REVENUE, AND SHALL NOT BE
14 DEPOSITED IN THE STATE TREASURY. WHILE HELD BY THE STATE DIS-
15 BURSEMENT UNIT, MONEY THE SDU RECEIVES AS A SUPPORT PAYMENT IS
16 NOT SUBJECT TO LEVY, EXECUTION, GARNISHMENT, OR OFFSET.

17 (2) INTEREST THAT ACCRUES ON A PAYMENT AFTER ITS RECEIPT AND
18 BEFORE ITS DISBURSEMENT IS PAYABLE TO THE STATE GENERAL FUND TO
19 OFFSET PROGRAM COSTS.

20 (3) IF A CONTRACTOR OPERATES THE STATE DISBURSEMENT UNIT,
21 THE CONTRACTOR IS DIRECTLY RESPONSIBLE TO THE OFFICE. THE OFFICE
22 SHALL NOT ENTER A CONTRACT FOR OPERATION OF THE SDU UNTIL THE
23 STATE BUDGET DIRECTOR APPROVES EACH CONTRACT PROVISION THAT GOV-
24 ERNS THE ACCOUNTING SYSTEM TO BE USED BY THE CONTRACTOR. IN
25 ADDITION TO AUDITING BY A PRIVATE SECTOR ACCOUNTING FIRM, THE
26 CONTRACTOR OPERATING THE SDU IS SUBJECT TO AUDIT BY THE STATE
27 EXECUTIVE BRANCH AND BY THE AUDITOR GENERAL OR AN INDEPENDENT

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1 PUBLIC ACCOUNTING FIRM APPOINTED BY THE AUDITOR GENERAL. THE
2 AUDITOR GENERAL OR AN INDEPENDENT PUBLIC ACCOUNTING FIRM
3 APPOINTED BY THE AUDITOR GENERAL SHALL CONDUCT AN AUDIT OF THE
4 SDU NOT LESS THAN 1 YEAR, BUT WITHIN 2 YEARS, AFTER THE EFFECTIVE
5 DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION AND NOT LESS
6 THAN EVERY 2 YEARS AFTER THAT INITIAL AUDIT. THE DEPARTMENT
7 SHALL COOPERATE WITH THE AUDITOR GENERAL.

(4) EXCEPT FOR DISCLOSURE IN A MANNER AUTHORIZED BY LAW, RULE, OR REGULATION, A PERSON SHALL NOT DISCLOSE INFORMATION REGARDING A PAYER OR RECIPIENT OF SUPPORT THAT IS PROVIDED TO THE SDU FOR THE PURPOSE OF RECEIPT OR DISBURSEMENT OF SUPPORT OR FEES. A PERSON THAT VIOLATES THIS SUBSECTION IS GUILTY OF A MISDEMEANOR PUNISHABLE BY IMPRISONMENT FOR NOT MORE THAN 93 DAYS OR A FINE OF NOT MORE THAN \$500.00, OR BOTH.

(5) A CONTRACTOR OR SUBCONTRACTOR, OR AN OFFICER OR EMPLOYEE OF A CONTRACTOR OR SUBCONTRACTOR, THAT OPERATES THE SDU WHO NEGLIGENTLY DISCLOSES INFORMATION REGARDING A PAYER OR RECIPIENT OF SUPPORT IS LIABLE FOR ACTUAL DAMAGES OR \$1,000.00, WHICHEVER IS GREATER, PLUS COSTS AND ATTORNEY FEES. A CONTRACTOR OR SUBCONTRACTOR, OR AN OFFICER OR EMPLOYEE OF A CONTRACTOR OR SUBCONTRACTOR, THAT OPERATES THE SDU WHO INTENTIONALLY DISCLOSES INFORMATION REGARDING A PAYER OR RECIPIENT OF SUPPORT IS LIABLE FOR 3 TIMES ACTUAL DAMAGES OR \$3,000.00, WHICHEVER IS GREATER, PLUS COSTS AND ATTORNEY FEES. EACH NEGLIGENT OR INTENTIONAL DISCLOSURE THAT GIVES RISE TO LIABILITY UNDER THIS SECTION IS A SEPARATE CAUSE OF ACTION FOR WHICH SEPARATE DAMAGES MAY BE AWARDED.

8 SEC. 9. THE DEPARTMENT, THE SDU, AND EACH OFFICE OF THE
9 FRIEND OF THE COURT SHALL COOPERATE IN THE TRANSITION TO THE CEN-
10 TRALIZED RECEIPT AND DISBURSEMENT OF SUPPORT AND FEES. AN OFFICE
11 OF THE FRIEND OF THE COURT SHALL CONTINUE TO RECEIVE AND DISBURSE
12 SUPPORT AND FEES THROUGH THE TRANSITION, BASED ON THE SCHEDULE
13 DEVELOPED AS REQUIRED BY SECTION 6, AND MODIFICATIONS TO THAT
14 SCHEDULE AS THE DEPARTMENT CONSIDERS NECESSARY.

15 Enacting section 1. This amendatory act does not take
16 effect unless all of the following bills of the 90th Legislature
17 are enacted into law:

18 (a) House Bill No. 4817.

19 (b) House Bill No. 4818.