

HOUSE BILL No. 4816

June 17, 1999, Introduced by Reps. DeRossett and Hart and referred to the Committee on Family and Children Services.

A bill to amend 1971 PA 174, entitled "Office of child support act," by amending sections 1, 3, and 3a (MCL 400.231, 400.233, and 400.233a), as amended by 1998 PA 112, and by adding sections 6 and 7.

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.

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

- 1 (i) A state or national bank.
- 2 (ii) A state or federally chartered savings and loan
3 association.
- 4 (iii) A state or federally chartered savings bank.
- 5 (iv) A state or federally chartered credit union.
- 6 (v) An insurance company.
- 7 (vi) An entity that offers any of the following to a resi-
8 dent of this state:
- 9 (A) A mutual fund account.
- 10 (B) A securities brokerage account.
- 11 (C) A money market account.
- 12 (D) A retail investment account.
- 13 (vii) An entity regulated by the securities and exchange
14 commission that collects funds from the public.
- 15 (viii) An entity that is a member of the national associa-
16 tion of securities dealers and that collects funds from the
17 public.
- 18 (ix) An entity that collects funds from the public.
- 19 (i) "Office" means the office of child support.
- 20 (J) "PAYER", "RECIPIENT OF SUPPORT", AND "SOURCE OF INCOME"
21 MEAN THOSE TERMS AS DEFINED IN SECTION 2 OF THE SUPPORT AND PAR-
22 ENTING TIME ENFORCEMENT ACT, 1982 PA 295, MCL 552.602.
- 23 (K) "STATE DISBURSEMENT UNIT" OR "SDU" MEANS THE ENTITY
24 ESTABLISHED IN SECTION 6 FOR CENTRALIZED STATE COLLECTION AND
25 DISBURSEMENT OF SUPPORT, AS REQUIRED BY SECTION 454B OF PART D OF
26 TITLE IV OF THE SOCIAL SECURITY ACT, 42 U.S.C. 654b.

1 Sec. 3. The office shall do all of the following:

2 (a) Serve as a state agency authorized to administer part D
3 of title IV of the social security act, chapter 531,
4 49 Stat. 620, 42 U.S.C. 651 to 655, 656 TO 660, and 663 to 669b.

5 (b) Assist any governmental agency or department in locating
6 an adult responsible for the child for any of the following
7 purposes:

8 (i) To establish parentage.

9 (ii) To establish, set the amount of, modify, or enforce
10 support obligations.

11 (iii) To COLLECT AND disburse support ~~receipts~~ THROUGH THE
12 STATE DISBURSEMENT UNIT.

13 (iv) To make or enforce child custody or parenting time
14 orders.

15 (c) Coordinate ~~any~~ activity on a state level in a search
16 for an adult responsible for ~~the~~ A child.

17 (d) Obtain information that directly relates to the identity
18 or location of an adult responsible for ~~the~~ A child.

19 (e) Serve as the information agency as provided in the
20 revised uniform reciprocal enforcement of support act, 1952 PA 8,
21 MCL 780.151 to 780.183, and uniform interstate family support
22 act, 1996 PA 310, MCL 552.1101 to 552.1901.

23 (f) Develop guidelines for coordinating activities of ~~any~~
24 A governmental department, board, commission, bureau, agency, or
25 council, or ~~any~~ A public or private agency, in providing infor-
26 mation necessary for the location of an adult responsible for
27 ~~the~~ A child.

1 (g) Develop, administer, and coordinate with the state and
2 federal departments of treasury a procedure for offsetting the
3 state tax refunds and federal income tax refunds of a parent who
4 is obligated to support a child and who owes past due support.
5 The procedure shall include a guideline that the office submit to
6 the state department of treasury, not later than November 15 of
7 each year, all requests for the offset of state tax refunds
8 claimed on returns filed or to be filed for that tax year.

9 (h) Develop and implement a statewide information system to
10 facilitate the establishment and enforcement of child support
11 obligations.

12 (i) Publicize through regular and frequent, nonsexist public
13 service announcements the availability of support establishment
14 and enforcement services.

15 (j) Develop and implement in cooperation with financial
16 institutions a data matching and lien and levy system to identify
17 assets of and to facilitate the collection of support from the
18 assets of individuals who have an account at a financial institu-
19 tion and who are obligated to pay support as provided in this
20 act.

21 Sec. 3a. (1) Upon receipt of a request from the office of
22 the friend of the court under section 24 of the support and par-
23 enting time enforcement act, 1982 PA 295, MCL 552.624, OR A
24 REQUEST FROM THE STATE DISBURSEMENT UNIT, the office of child
25 support shall initiate offset proceedings against the state tax
26 refunds and federal income tax refunds of a parent who is
27 obligated to support a child and who owes past due support.

1 (2) The office shall send to a parent who is the subject of
2 a request under subsection (1) advance written notice of the pro-
3 posed offset. The notice shall inform the parent of the opportu-
4 nity to contest the offset of his or her state income tax refund
5 on the grounds that the offset is not proper because of a mistake
6 of fact concerning the amount of overdue support or the identity
7 of the parent.

8 (3) The office shall provide for the prompt reimbursement of
9 an amount withheld in error or an amount found to exceed the
10 amount of overdue support.

11 SEC. 6. (1) THE STATE DISBURSEMENT UNIT IS ESTABLISHED AS
12 THE DIRECT RESPONSIBILITY OF THE OFFICE. THE SDU SHALL USE AUTO-
13 MATED PROCEDURES, ELECTRONIC PROCESSES, AND COMPUTER-DRIVEN TECH-
14 NOLOGY TO THE MAXIMUM EXTENT FEASIBLE, EFFICIENT, AND ECONOMICAL
15 TO COLLECT AND DISBURSE SUPPORT PAYMENTS.

16 (2) AS REQUIRED IN SECTION 454B OF PART D OF TITLE IV OF THE
17 SOCIAL SECURITY ACT, 42 U.S.C. 654b, THE STATE DISBURSEMENT UNIT
18 IS THE SINGLE LOCATION TO WHICH A PAYER OR SOURCE OF INCOME
19 SUBJECT TO THIS SECTION SHALL SEND A SUPPORT PAYMENT. THE SDU
20 SHALL DISBURSE A PAYMENT TO THE RECIPIENT OF SUPPORT WITHIN 2
21 BUSINESS DAYS AFTER THE SDU RECEIVES THE PAYMENT.

22 (3) IN ACCORDANCE WITH SECTION 9 OF THE FRIEND OF THE COURT
23 ACT, 1982 PA 294, MCL 552.509, THIS SECTION APPLIES TO THE PAR-
24 TICULAR GEOGRAPHIC AREA THAT AN OFFICE SERVICES FROM THE DATE THE
25 STATE DISBURSEMENT UNIT HAS THE CAPABILITY TO COMPLY WITH THE
26 REQUIREMENTS OF THIS SECTION IN THAT AREA. THIS SECTION APPLIES

1 TO A SUPPORT ORDER THAT IS IN 1 OR MORE OF THE FOLLOWING
2 CATEGORIES:

3 (A) THE ORDER IS BEING ENFORCED BY THE STATE AS PRESCRIBED
4 BY SECTION 454 OF PART D OF TITLE IV OF THE SOCIAL SECURITY ACT,
5 42 U.S.C. 654.

6 (B) THE ORDER IS BEING ENFORCED BY MEANS OF AN ORDER OF
7 INCOME WITHHOLDING THAT WAS ISSUED ON OR AFTER JANUARY 1, 1994 AS
8 PRESCRIBED BY SECTION 466(a)(8)(B) OF PART D OF TITLE IV OF THE
9 SOCIAL SECURITY ACT, 42 U.S.C. 666.

10 (C) THE ORDER IS SUBJECT TO INCOME WITHHOLDING.

11 SEC. 7. (1) MONEY THE STATE DISBURSEMENT UNIT RECEIVES AS A
12 SUPPORT PAYMENT IS THE MONEY OF THE RECIPIENT OF SUPPORT, IS NOT
13 PUBLIC REVENUE, AND SHALL NOT BE DEPOSITED IN THE STATE
14 TREASURY. MONEY THE SDU RECEIVES AS A SUPPORT PAYMENT IS NOT
15 SUBJECT TO LEVY, EXECUTION, GARNISHMENT, OR OFFSET.

16 (2) IF A CONTRACTOR OPERATES THE STATE DISBURSEMENT UNIT,
17 THE CONTRACTOR IS DIRECTLY RESPONSIBLE TO THE OFFICE. BEFORE
18 ENTERING INTO A CONTRACT FOR OPERATION OF THE SDU, THE OFFICE
19 MUST RECEIVE DEPARTMENT OF MANAGEMENT AND BUDGET APPROVAL OF EACH
20 CONTRACT PROVISION THAT GOVERNS THE ACCOUNTING SYSTEM TO BE USED
21 BY THE CONTRACTOR. IN ADDITION TO AUDITING BY A PRIVATE SECTOR
22 ACCOUNTING FIRM, THE CONTRACTOR OPERATING THE SDU IS SUBJECT TO
23 AUDIT BY THE STATE EXECUTIVE BRANCH AND BY THE AUDITOR GENERAL OR
24 AN INDEPENDENT PUBLIC ACCOUNTING FIRM APPOINTED BY THE AUDITOR
25 GENERAL.

26 Enacting section 1. This amendatory act does not take
27 effect unless Senate Bill No. _____ or House Bill No. _____

1 (request no. 03882'99) of the 90th Legislature is enacted into
2 law.