

Act No. 161
Public Acts of 1999
Approved by the Governor
November 3, 1999
Filed with the Secretary of State
November 3, 1999
EFFECTIVE DATE: November 3, 1999

**STATE OF MICHIGAN
90TH LEGISLATURE
REGULAR SESSION OF 1999**

Introduced by Reps. DeRossett and Hart

Reps. Basham, Birkholz, Bisbee, Bishop, Bovin, Cameron Brown, Callahan, Caul, DeHart, Dennis, DeVuyt, DeWeese, Ehardt, Faunce, Gilbert, Hager, Hansen, Howell, Jacobs, Jamnick, Jelinek, Rick Johnson, Julian, Kelly, Kowall, Kuipers, Kukuk, LaForge, LaSata, Law, Lemmons, Lockwood, Mans, Mead, Middaugh, O'Neil, Pappageorge, Patterson, Pumford, Richardville, Richner, Rocca, Shackleton, Shulman, Tabor, Toy, Van Woerkom, Vander Roest, Vear, Voorhees, Woodward and Woronchak named co-sponsors

ENROLLED HOUSE BILL No. 4816

AN ACT to amend 1971 PA 174, entitled "An act to create the office of child support; and to prescribe certain powers and duties of the office, certain public and private agencies, and certain employers and former employers," 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:

Sec. 1. As used in this act:

(a) "Account" means any of the following:

- (i) A demand deposit account.
- (ii) A draft account.
- (iii) A checking account.
- (iv) A negotiable order of withdrawal account.
- (v) A share account.
- (vi) A savings account.
- (vii) A time savings account.
- (viii) A mutual fund account.
- (ix) A securities brokerage account.
- (x) A money market account.
- (xi) A retail investment account.

(b) "Account" does not mean any of the following:

- (i) A trust.
- (ii) An annuity.
- (iii) A qualified individual retirement account.
- (iv) An account covered by the employee retirement income security act of 1974, Public Law 93-406, 88 Stat. 829.
- (v) A pension or retirement plan.
- (vi) An insurance policy.

(c) "Address" means the primary address shown on the records of a financial institution used by the financial institution to contact an account holder.

(d) "Adult responsible for the child" means a parent, relative who has physically cared for the child, putative father, or current or former guardian of a child, including an emancipated or adult child.

(e) "Current employment" means employment within 1 year before a friend of the court request for information.

(f) "Department" means the family independence agency.

(g) "Financial asset" means stock, a bond, a money market fund, a deposit, an account, or a similar instrument.

(h) "Financial institution" means any of the following:

(i) A state or national bank.

(ii) A state or federally chartered savings and loan association.

(iii) A state or federally chartered savings bank.

(iv) A state or federally chartered credit union.

(v) An insurance company.

(vi) An entity that offers any of the following to a resident of this state:

(A) A mutual fund account.

(B) A securities brokerage account.

(C) A money market account.

(D) A retail investment account.

(vii) An entity regulated by the securities and exchange commission that collects funds from the public.

(viii) An entity that is a member of the national association of securities dealers and that collects funds from the public.

(ix) An entity that collects funds from the public.

(i) "Office" means the office of child support.

(j) "Payer", "recipient of support", "source of income", and "support" mean those terms as defined in section 2 of the support and parenting time enforcement act, 1982 PA 295, MCL 552.602.

(k) "State disbursement unit" or "SDU" means the entity established in section 6 for centralized state receipt and disbursement of support and fees.

Sec. 6. (1) The state disbursement unit is established as the direct responsibility of the office. The SDU shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical to receive and disburse support and fees.

(2) The SDU is the single location to which a payer or source of income subject to this section shall send a support or fee payment. The SDU shall disburse a support payment to the recipient of support within 2 business days after the SDU receives the support payment. Not less than twice each calendar month, the SDU shall disburse fees that it receives to the appropriate county treasurer or office of the friend of the court.

(3) If a payer or source of income attempts to make a support or fee payment to the SDU and the payment transaction fails due to nonsufficient funds, the SDU may take actions to collect from the payer or source of income the support or fee payment amount, plus an amount for the expense of those actions.

Sec. 7. (1) The department shall develop a schedule for the transition from receipt and disbursement of support and fees by offices of the friend of the court to centralized receipt and disbursement by the state disbursement unit. The schedule may provide for the transition to take place in stages so that, during the transition period, the SDU is responsible for the receipt and disbursement of the support and fee payments of less than all the payers and recipients of support whose cases are administered by a particular office of the friend of the court. In developing the schedule, the department shall consult with other state agencies and with local agencies.

(2) In accordance with section 9 of the friend of the court act, 1982 PA 294, MCL 552.509, and the transition schedule developed under subsection (1), SDU receipt and disbursement applies to the case of a payer or recipient of support starting on the date specified in a notification to the office of the friend of the court, which administers the case, that the SDU is prepared to receive and disburse support and fees for the case or for a class of cases to which the case belongs. As of the date that SDU receipt and disbursement of support and fees applies to a particular support order, a provision in the order directing support and fees to be paid to an office of the friend of the court shall be considered to direct the payments to the SDU.

Sec. 8. (1) While held by the state disbursement unit, money the SDU receives as a support payment is the money of the recipient of support, is not public revenue, and shall not be deposited in the state treasury. While held by the state disbursement unit, money the SDU receives as a support payment is not subject to levy, execution, garnishment, or offset.

(2) Interest that accrues on a payment after its receipt and before its disbursement is payable to the state general fund to offset program costs.

(3) If a contractor operates the state disbursement unit, the contractor is directly responsible to the office. The office shall not enter a contract for operation of the SDU until the state budget director approves each contract provision that governs the accounting system to be used by the contractor. In addition to auditing by a private sector accounting firm, the contractor operating the SDU is subject to audit by the state executive branch and by the auditor general or an independent public accounting firm appointed by the auditor general. The auditor general or an independent public accounting firm appointed by the auditor general shall conduct an audit of the SDU not less than 1 year, but within 2 years, after the effective date of the amendatory act that added this section and not less than every 2 years after that initial audit. The department 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.

Sec. 9. The department, the SDU, and each office of the friend of the court shall cooperate in the transition to the centralized receipt and disbursement of support and fees. An office of the friend of the court shall continue to receive and disburse support and fees through the transition, based on the schedule developed as required by section 6, and modifications to that schedule as the department considers necessary.

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

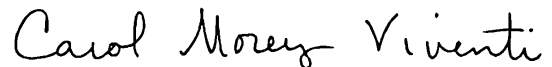
(a) House Bill No. 4817.

(b) House Bill No. 4818.

This act is ordered to take immediate effect.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved _____

Governor.