

# Legislative Analysis

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## **ALLOW FEE FOR EMPLOYERS WITHHOLDING SUPPORT PAYMENTS**

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**Senate Bill 1001 (Substitute S-1)**

*(Enacted as Public Act 357 of 2012)*

**Sponsor: Sen. Bruce Caswell**

**House Committee: Families, Children, and Seniors**

**Senate Committee: Judiciary**

**Complete to 9-7-12**

### **A SUMMARY OF SENATE BILL 1001 AS PASSED BY THE SENATE 5-17-12**

Senate Bill 1001 would amend the Support and Parenting Time Enforcement Act to allow a "source of income" (such as an employer) to charge and collect a fee from a payer of "support" each time the employer withheld payment from the payer under a notice of income withholding.

"Source of income" means an employer or successor employer, a labor organization, or another individual or entity that owes or will owe income to the payer.

Generally speaking, the term "support" refers to court-ordered support for a child or spouse and for expenses associated with a pregnancy or the birth of a child.

Under the act, each support order entered or modified by the circuit court must provide for an order of income withholding that is binding upon a source of income seven days after service by ordinary mail or electronically. An order of income withholding has priority over all other legal process under state law against the same income.

Under Senate Bill 1001, a source of income could charge and collect fees as follows:

- \$1 each time income was withheld by electronic means, but not more than \$2 per month.
- \$2 each time income was withheld by other than electronic means, but not more than \$4 per month.

The fee would have to be collected separately and apart from the income withheld for child support.

The act prohibits a source of income from using a notice of income withholding as a basis for refusing to employ, discharging, disciplining, or penalizing a payer. Senate Bill 1001 says that charging or collecting the fee would not be a violation of that prohibition.

MCL 552.623

## **FISCAL IMPACT:**

The bill would have no fiscal impact on the judiciary. State and local governments could realize a positive, but likely negligible, fiscal impact in situations where they are the sources of income addressed under the act should they choose to collect the proposed fee from their employees.

As background, there are four other states or territories that do not permit the employer to charge an administrative fee for income withholding. Of the states and territories that do, the fees vary from \$1.00 per payment (or \$26.00 per year if paid biweekly) to \$5.00 per payment (or \$130.00 per year if paid biweekly).

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