



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 4498 (Substitute H-2)
Sponsor: Representative Willis Bullard, Jr.
House Committee: Judiciary and Civil Rights
Senate Committee: Judiciary

Date Completed: 5-23-95

SUMMARY OF HOUSE BILL 4498 (Substitute H-2) as passed by the House:

The bill would amend the Support and Visitation Enforcement Act to require that a penalty of 8% be added to past due support payments. The penalty would have to be calculated and added to the accrued support arrearage on January 1 and July 1 of each year. A support amount ordered by the court under the Paternity Act for a period before the effective date of the support order would not be subject to the penalty.

The bill also would require that when the Friend of the Court (FOC) received any money as a payment of support, the money would have to be applied first to the current monthly support, and then to any support arrearage, including the penalty accumulated under the bill.

The bill would amend the Act's definition of "support" to include a penalty accumulated under the bill, and specifies that the statement required to be included on a support order would have to include a notification that a penalty would be added to support payments that were past due.

The bill would take effect on January 1, 1996, and would apply to an arrearage due, or that became due, on and after that date.

MCL 552.602 et al.

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill could have a fiscal impact, depending upon the level of collections and the percentage that is past due. The Department of Social Services FY 1994-95 appropriation contains \$188,000,000 in child support collection revenue; the projected total for FY 1995-96 collections is \$170,000,000. In 1985, approximately 47% of that was assumed to be past due. Therefore, if applied to the amount projected for FY 1995-96, approximately \$80,000,000 of the projected amount could be assumed arrearages due. Applying an 8% penalty would produce an additional amount of approximately \$6,400,000, which could be used as additional Department revenue.

Fiscal Analyst: C. Cole

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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.