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SFA



BILL ANALYSIS

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Senate Bill 1150 (as reported without amendment)
Sponsor: Senator Michael J. Bouchard
Committee: Government Operations

Date Completed: 10-26-98

RATIONALE

In an attempt to reduce the incidence of parental failure or refusal to pay amounts required for child support, and to identify those parents who are behind in child support payments, Federal legislation was adopted to require that states pass laws requiring persons to reveal their Social Security numbers on such documents as applications for driver licenses, occupational licenses, and marriage licenses. States that fail to conform to the Federal requirements are liable to lose substantial Federal funds. In response to the Federal requirements, the Michigan Legislature earlier this year enacted Public Acts 330 to 333 (Senate Bills 796 through 799), which amended various laws to provide that an application for a driver's license, professional or occupational license or certificate, or marriage license must include the applicant's Social Security number. Recently, there have been widespread reports of innocent citizens who have had their savings stolen or their credit ruined by criminals who obtained these persons' Social Security numbers and created false identities, or assumed the identity of the persons whose Social Security numbers were stolen. Though the State was compelled to pass legislation to conform with the Federal requirements that Social Security numbers be placed on certain documents, many people argued that increasing the number of places where those numbers are revealed will increase the chances that individuals' numbers will be used for illegal purposes. It has been suggested that the State Attorney General should challenge any Federal mandate requiring the State to obtain or disclose Social Security numbers for a purpose unrelated to Social Security or Federal taxation.

CONTENT

The bill would create a new act to require the Attorney General to initiate and litigate a civil action

to challenge any "federal mandate" for the State to obtain or disclose an individual's Social Security number for a purpose unrelated to Social Security or Federal taxation.

Under the bill, "federal mandate" would include both a requirement of Federal law, and a condition imposed by Federal law that affected the State's qualification to receive Federal funds.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The Federal government's program to reduce the nonpayment of child support includes identifying those who don't pay, and to do so Federal requirements were put in place to force states to obtain applicants' Social Security numbers for various important documents, such as a driver's license. Recognizing that it would risk losing millions of dollars in Federal aid if it did not comply with the requirements, this State amended various laws to conform to the Federal mandates. While Michigan has done what it was supposed to do, it is nevertheless objectionable to require increased exposure of persons' Social Security numbers to an ever-growing number of people who may want to use valid Social Security numbers for criminal purposes. Persons who have had their numbers stolen by skilled criminals have had horrible experiences, discovering (too late) that someone posing as them has opened credit card accounts or other charge accounts and amassed huge debts in the victims' names. By requiring the State Attorney General to file suit to oppose the use of Social Security numbers in response to Federal mandates, the bill would attempt to protect the privacy, pocketbooks, and security of innocent

persons.

Opposing Argument

The bill would require the Attorney General to initiate and litigate a civil action to challenge any Federal mandate regarding disclosure of Social Security numbers. This requirement would remove any discretion that the Attorney General normally has in determining how to use the resources of the Attorney General's office in legal proceedings. The Attorney General should be allowed to take legal action as he or she sees fit, after evaluating the circumstances of any situation under his or her jurisdiction.

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would have an indeterminate impact on legal resources, which would depend on the number of actions that would result from the bill's requirements.

The bill would have no impact on local units of government.

Fiscal Analyst: B. Bowerman

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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.