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Senate Bill 528 (as introduced 9-19-13)
Sponsor: Senator Mike Nofs
Committee: Families, Seniors and Human Services

Date Completed: 10-23-13

CONTENT

The bill would amend the Lottery Act to require the Bureau of State Lottery to pay to the State Disbursement Unit, for disbursement according to the Support and Parenting Time Enforcement Act, the amount of a prize applied to a support arrearage.

The Lottery Act requires the Bureau, before paying a prize of \$1,000 or more, to determine whether the winner has a current liability to the State or a support arrearage, or any current liability for restitution of unemployment benefits. If such a liability or arrearage is identified, the Bureau must determine its amount and then apply it to the following in that order of priority: any liability to the State (other than an assigned delinquent account of money owed to a court or an unemployment compensation debt); any support arrearage; any unemployment compensation debt; and any assigned delinquent account of money owed to a court. Any balance must be paid to the winner.

The Bureau must pay an amount applied to a support arrearage to the Department of Treasury, which then must pay the amount to the Office of the Friend of the Court for the appropriate judicial circuit or to the State Disbursement Unit in the same manner as payment under an order of income withholding under the Support and Parenting Time Enforcement Act.

The bill would require the Bureau, instead, to pay an amount applied to a support arrearage to the State Disbursement Unit as provided in Section 48 of the Support and Parenting Time Enforcement Act. (Section 48 provides that the State Disbursement Unit is responsible for the centralized receipt and disbursement of support, and that an Office of the Friend of the Court may continue to receive support and fees.)

The bill also would require the Office of Child Support to provide the Department of Treasury with the names of people who have a current support arrearage. Currently, each Office of the Friend of the Court must report the names of people with current support arrearages to the Office of Child Support, which must provide that information to the Department.

The bill would define "state disbursement unit" as the entity established by Section 6 of the Office of Child Support Act. (That section establishes the State Disbursement Unit as the single location to which a payer or source of income must send a support or fee payment. The Unit must disburse support payments and fees as provided in that section.)

MCL 432.32

Legislative Analyst: Glenn Steffens

FISCAL IMPACT

The bill would increase the costs of the Bureau of State Lottery due to the need to establish a system to track and prioritize debts in order to determine the child support amounts to send to the State Disbursement Unit. Currently, the Department of Treasury tracks certain debts including child support, tax debts, and driver responsibility fees. Treasury has the ability to intercept State payments if necessary to recoup funds owed. The Lottery Bureau uses the Department of Treasury system to look up the amount of debts owed before issuing a prize check. The amount of these debts is withheld from the prize check. The Department of Treasury then uses the withheld funds to pay debts in the order of priority established in statute.

Fiscal Analyst: Elizabeth Pratt

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