

Legislative Analysis



JUDGMENTS AND CLAIMS AGAINST THE STATE: INFORMATION ABOUT PLAINTIFFS & CLAIMANTS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4658 as enacted
Public Act 257 of 2015
Sponsor: Rep. Michael D. McCready
Committee: Families, Children, and Seniors
Complete to 7-20-16

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4658 would amend the Revised Judicature Act to apply to judgments against the state or a state department that have become final, and to claims allowed by the State Administrative Board. The bill provides a process that would allow liabilities owed to the state to be paid out of judgments before payments to claimants and plaintiffs.

The bill would add a new Section 6096 to specify the following:

****When a judgment against the state or a department becomes final, or a claim is allowed by the State Administrative Board, the director of the relevant department would have to cause the judgment or claim to be paid from the unencumbered appropriation of the department, if the director determines the appropriation is sufficient for the payment.**

****Upon a judgment becoming final or claim being allowed, the plaintiff or claimant would need to provide to the relevant department any required information to identify the plaintiff, claimant or, if applicable, each individual for whose benefit the action was brought or the claim made. The Department of Treasury would make available to departments an itemization of the information needed from a plaintiff or claimant to satisfy this requirement.**

****When requesting payment of a judgment or allowed claim from the Department of Treasury, a department director would have to provide Treasury the name of the plaintiff or claimant or, if applicable, the name of the individual for whose benefit the action was brought or claim made, and the identifying information described above.**

****The Department of Treasury could not issue a warrant in satisfaction of a judgment or claim until it determines whether the plaintiff, claimant, or other individual has a liability to the state. If Treasury identified a liability, it would first apply the amount of the judgment or claim as specified in the bill and the excess, if any, would be paid to satisfy the judgment or claim.**

****The amount of a judgment or claim would need to be applied in the following order of priority:**

- Any known tax liability to this state.

- Any other known liability to this state.
- Any of the following in the order of priority received, unless otherwise provided by law:
 - A support liability.
 - An order of restitution.
 - A writ of garnishment or other court order directed to this state or the state treasurer.
 - A levy of the Internal Revenue Service.
 - A liability to repay benefits obtained under the Michigan Employment Security Act.

**The providing of required information would apply to all judgments and claims, notwithstanding any order in an action that prohibits disclosure of the name of a plaintiff, claimant, or individual for whose benefit the action was brought or claim was made. If such a protective order existed, the relevant department director would be required to notify the Department of Treasury when providing the name of the plaintiff, claimant, or individual. The name and identifying information of the plaintiff, claimant, or individual would then be exempt from disclosure under the Freedom of Information Act.

The bill took effect March 22, 2016.

FISCAL IMPACT:

House Bill 4658 would have an indeterminate, but positive, fiscal impact on State of Michigan revenues. The provisions of the bill would authorize the Department of Treasury to apply a judgment or claim won against the State of Michigan against liabilities due to the State of Michigan by the plaintiff or claimant. In addition to State of Michigan revenues, the bill would authorize the application of any judgment or claim won against the State of Michigan to liabilities for support, a writ of garnishment, or other court order directed to this state or the state treasurer, a levy of the Internal Revenue Service, or liability to repay benefits obtained under the Michigan Employment Security Act. The extent of any fiscal impact would depend on the particular case.

The bill would increase Department of Treasury administrative costs by an indeterminate amount. The provisions of the bill would require the Department of Treasury to itemize the information needed from a plaintiff or claimant to identify the plaintiff or claimant and determine whether or not the plaintiff or claimant had a liability to the state.

Legislative Analyst: E. Best
Fiscal Analyst: Ben Gielczyk

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.