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BILL ANALYSIS

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Senate Bill 891 (as introduced 11-10-05)  
Sponsor: Senator Bill Hardiman  
Committee: Families and Human Services

Date Completed: 1-24-06

### **CONTENT**

**The bill would amend provisions of the revenue Act concerning the responsibility of the Department of Treasury for collecting past due amounts owed to the State. The bill would do the following:**

- Require the Department to collect past due amounts *except* as otherwise provided in the Support and Parenting Time Enforcement Act concerning arrearages.**
- Transfer from the Department of Treasury to the Department of Labor and Economic Growth responsibility for collecting delinquent license fees and corporate franchise fees.**
- Require the Department of Community Health to collect delinquent fees for licenses issued by that Department.**
- Increase the amount of a claim or account that a department may settle at a discount over 15% without approval of the State Administrative Board.**
- Require the Attorney General to bring an action to collect money owed to the State, at the request of an authorized department.**

The bill would repeal Public Act 375 of 1927, which provides for a collection department under the control of the Attorney General, for the purpose of collecting all past due money and accounts that are owed to the State or any department, commission, or institution of the State. The revenue Act specifies that the Department of Treasury is vested with all powers, duties, functions, and jurisdiction of the Attorney General under Public Act 375. The bill would delete that provision.

The bill would require the Department of Treasury, except as otherwise provided under Section 5e of the Support and Parenting Time Enforcement Act, to supervise and control the collection of all past due money and accounts owed to the State or to any officer, department, commission, board, or agency of the State. (Under Section 5e, a support payer may seek relief from an arrearage by complying with amnesty provisions of the Office of the Child Support Act or by filing a motion with the circuit court for a payment plan. The court's approval of a payment plan is considered the State's consent to a compromise of the arrearage. An arrearage subject to a payment plan must continue to be enforced under the Support and Parenting Time Enforcement Act, the Office of Child Support Act, and the Friend of the Court Act, when Federal or State law requires enforcement action.)

Under the revenue Act, the Department of Treasury is required to perform the duties formerly vested in a department, board, commission, or other agency, in connection with taxes due to or claimed by the State and in connection with unpaid accounts or money due to the State or any of its departments, institutions, or agencies that may be payable to or collectible by the Department. The bill would retain this provision, except as otherwise provided under Section 5e of the Support and Parenting Time Enforcement Act.

Under the revenue Act, the State Tax Commission is vested with the responsibilities of the Corporation and Securities Commission over the enforcement, investigation, and collection

of past due corporate privilege and franchise fees and license fees of any nature. The bill would delete this provision. Under the bill, the Department of Labor and Economic Growth (DLEG) would be vested with the powers, duties, functions, and responsibilities of the Department of Treasury for the enforcement, investigation, and collection of past due and delinquent corporate privilege and franchise fees and license fees of any nature for licenses issued by DLEG.

The bill would vest the Department of Community Health (DCH) with all of the powers, duties, functions, responsibilities, and jurisdiction of the Treasury Department under the revenue Act for the enforcement, investigation, and collection of delinquent license fees of any nature for licenses issued by the DCH.

Under Public Act 375 of 1927, each State officer, department, institution, or commission is required from time to time to forward to the Treasury Department statements of all delinquent money, specific taxes, and accounts owing or belonging to the State, or any department, commission, or institution of the State, together with any information necessary to enable Treasury to carry out the purposes of the Act. The Treasury Department is required to keep an accurate record and account of those statements; enforce payment and collection of those amounts; keep an accurate account of all money collected; report monthly all collections made to the department, commission, or institution to which the indebtedness had been incurred; and pay monthly to the State Treasurer all money collected unless otherwise provided by law. The bill would re-enact these provisions in the revenue Act, except as otherwise provided above (concerning the DCH) and under Section 5e of the Support and Parenting Time Enforcement Act.

Under Public Act 375, the Attorney General may bring actions and the collection department may settle and compromise claims and accounts and receive and issue receipts for collections and payments subject to the supervisory control of the State Administrative Board. A claim or account of more than \$750 may not be settled or compromised at a discount greater than 15% without the Board's approval.

Under the bill, a department authorized to collect money or accounts owed to the State could settle and compromise claims and accounts and receive and issue receipts, subject to the State Administrative Board's supervisory control. A claim or account of more than \$1,000 could not be settled or compromised at a discount of more than 15% without the Board's approval.

The bill would require the Attorney General to bring an action to enforce the revenue Act at the request of a department authorized to collect money, specific taxes, or accounts owed to the State.

MCL 205.1 et al.

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bill is designed to make the revenue Act consistent with State law and current practice regarding the collection of child support. It also would enable the Department of Human Services to manage the total arrearage effectively.

According to the Department of Labor and Economic Growth (DLEG), the provisions regarding DLEG would have no fiscal impact. No information has been provided by the Department of Community Health regarding provisions in this bill requiring the Department to collect delinquent license fees.

Fiscal Analyst: Bill 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.