



Senate Fiscal Agency
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BILL



ANALYSIS

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House Bill 4400 (Substitute H-2 as reported without amendment)
Sponsor: Representative Jack Horton
House Committee: Human Services
Senate Committee: Families, Mental Health and Human Services

CONTENT

The bill would amend the Social Welfare Act to require the Department of Social Services (DSS) to deduct up to 10% of a recipient's cash grant if a judgment were entered against the recipient for damages arising from his or her breach of an oral or written lease agreement for rental housing, and the judgment creditor submitted a certified copy of the judgment to the DSS. ("Recipient" would mean an individual receiving direct cash assistance under the Act.) This provision would be an exception to the current prohibition against the garnishment of assistance given under the Act.

The bill would apply only to a lease agreement for property that had not been found to be in violation of an applicable housing code by a State or local agency authorized to enforce housing laws. The bill specifies that it would not create a cause of action against the DSS for damages caused by a recipient's breach of a lease agreement.

If a Federal waiver were necessary to implement the bill, the DSS would be required promptly to seek the waiver. Absent a necessary waiver, the Department could apply the bill only to recipients of assistance programs financed entirely by State or local revenues.

The judgment creditor would have to pay a \$1 processing fee to the DSS for each payment made under the bill. The Department could deduct the fee from each payment made to the judgment creditor.

The Act requires the Department in every even-numbered year to report on its operation to the Governor and the Legislature. Under the bill, the DSS would have to include in its biennial report the number of cases and the dollar amounts deducted pursuant to the bill. The report would have to include Statewide totals and information broken down by county.

MCL 400.63

Legislative Analyst: S. Margules

FISCAL IMPACT

The bill could possibly have a marginal fiscal impact on State funds. It is difficult to determine how many DSS clients could be affected by the proposed legislation. Even if one researched the number affected in the past several years, a pattern may not indicate the number of judgments against aid recipients. However, the DSS could incur some administrative cost involved in processing the 10% reduction in the grant. The \$1 processing fee could offset the cost somewhat, but the garnishment would go to the judgment creditor.

Date Completed: 11-29-95

Fiscal Analyst: C. Cole