

Fiscal Analysis

CHILD SUPPORT ARREARAGE INTEREST



Bill/Sponsor **SENATE BILL 485, AS PASSED BY SENATE**, Sen. Valde Garcia

House Committee Family and Children Services

Analysis

Summary

This bill would amend the Support and Parenting Time Enforcement Act, Public Act 295 of 1982, to change the annual interest rate on child support arrearages from the current 8% to a variable rate based on the adjusted prime rate determined by the Michigan Department of Treasury. The Department of Treasury determines the rate by calculating the average rates of not less than three commercial banks under Section 23 of the Revenue Act, Public Act 122 of 1941. In general, the prime rate, which is the rate banks charge their best customers, is likely to be less than 8%. The rationale for this bill is that the lower rate will encourage parents to continue to pay past-due child support.

Fiscal Impact

There is no fiscal impact on the Family Independence Agency, or any other subdivision of State of Michigan government.

Analyst(s)

Richard Child

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Mitchell Bean, Director – House Fiscal Agency
124 N. Capitol Avenue, Lansing, MI 48909
Phone: (517)373-8080, Fax: (517)373-5874
<http://www.house.mi.gov/hfa>