

SUPPORT AND PARENTING TIME ENFORCEMENT ACT (EXCERPT)
Act 295 of 1982

552.625a Lien; creation; effect; full faith and credit to liens created in other states; priority; notice; exceptions to creation of lien; effect of lien on itemized amount in redemption order; definitions.

Sec. 25a.

(1) The amount of past due support that accrues under a judgment as provided in section 3 or under the law of another state constitutes a lien in favor of the recipient of support against the real and personal property of a payer, including, but not limited to, money to be paid as a distribution from a decedent's estate; as the result of a claim for negligence, personal injury, or death; under an arbitration award; under a settlement of or judgment issued in a civil action; or as compensation under a worker's compensation order, settlement, redemption order, or voluntary payment. The lien is effective at the time that the support is due and unpaid and shall continue until the amount of past due support is paid in full or the lien is terminated by the title IV-D agency.

(2) Liens that arise in other states shall be accorded full faith and credit when the requirements of section 25b or 25c are met.

(3) A lien created under subsection (1) is subordinate to a prior perfected lien. All liens that arise under subsection (1) and described in subsection (2) have equal priority.

(4) Before a lien is perfected or levied under this act, the title IV-D agency shall send a notice to the payer subject to the support order informing the payer of the imposition of liens by operation of law and that the payer's real and personal property can be encumbered or seized if an arrearage accrues in an amount that exceeds the amount of periodic support payments payable under the payer's support order for the time period specified in this act.

(5) The title IV-D agency or another person required to provide notice under this section or sections 25b to 25i shall provide notice by paper, unless the person to be notified agrees to notice by other means. The title IV-D agency or other person providing notice under this section or sections 25b to 25i shall complete and preserve proof of service of the notice in a form substantially conforming to the requirements for proof of service under the Michigan court rules.

(6) A lien under subsection (1) does not arise against any of the following:

(a) A financial asset pledged to a financial institution as collateral.

(b) A financial asset to which a financial institution has a prior right of setoff or other lien.

(c) Property or an allowance described in sections 2401 to 2404 of the estates and protected individuals code, 1998 PA 386, MCL 700.2401 to 700.2404.

(d) Fifty percent of the amount of compensation due to a payer under a worker's compensation order, settlement, redemption order, or voluntary payment.

(e) That portion of money to be paid as a distribution from a decedent's estate; as the result of a claim for negligence, personal injury, or death; under an arbitration award; under a settlement of or judgment issued in a civil action; or as compensation under a worker's compensation order, settlement, redemption order, or voluntary payment that is owed for any of the following:

(i) Attorney fees.

(ii) Court costs and other litigation costs, including, but not limited to, medical examination costs, expenses for reports, deposition fees, court reporter fees, and record copy fees.

(iii) The medicaid program under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, unless medicaid is subordinated to child support under federal law.

(iv) Medical services or a reimbursement for a payment made for medical services either to or by an insurer, health maintenance organization, or nonprofit health care corporation. For the purposes of compensation under a worker's compensation order, settlement, redemption order, or voluntary payment, as used in this subparagraph, "medical services" means services as described and regulated under sections 315 and 319 of the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.315 and 418.319, and the rules promulgated under those sections.

(v) An amount to reimburse an insurance company for the expense incurred by the insurance company in responding to a lien and levy under sections 25b to 25i. A reimbursement amount under this subparagraph shall not exceed the actual expense or \$50.00, whichever is less, for each lien and levy or for each payment under a lien and levy.

(vi) Other costs related to the arbitration, civil action, or worker's compensation order, settlement, redemption order, or voluntary payment.

(vii) For reimbursements to which an employer or carrier is entitled under section 827 of the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.827.

(viii) For vocational rehabilitation costs, reimbursements, or credits incidental to long- or short-term disability programs or to pension or welfare benefit funds.

(ix) For a medicare set aside account for future medical care or for future medicaid, unless medicare or medicaid is subordinated to child support under federal law.

(f) Money to be paid under an insurance policy for the repair or replacement of real or tangible personal property.

(g) Money to be paid for allowable expenses that are payable as benefits under section 3107(1)(a) and for expenses under section 3107(1)(c) of the insurance code of 1956, 1956 PA 218, MCL 500.3107.

(7) The title IV-D agency does not have the authority to alter an amount itemized in a redemption order. A lien that arises under this act and a levy of that lien only affect that portion, as prescribed in this section, of the payment due the payer under a redemption order. A carrier shall not use the enforcement of a lien and levy under this act as the basis for freezing or otherwise refusing to pay out an amount itemized in a redemption order that is not affected by the lien and levy under this act.

(8) As used in this section and sections 25b to 25i:

(a) "Carrier" means any of the following:

(i) "Carrier" as that term is defined in section 601 of the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.601.

(ii) A fund created under section 501 of the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.501.

(iii) The property and casualty guaranty association required to be maintained by section 7911 of the insurance code of 1956, 1956 PA 218, MCL 500.7911.

(b) "Insurer" means that term as defined in section 106 of the insurance code of 1956, 1956 PA 218, MCL 500.106.

History: Add. 1998, Act 334, Imd. Eff. Aug. 10, 1998 ;-- Am. 2002, Act 565, Eff. Dec. 1, 2002 ;-- Am. 2004, Act 484, Eff. Jan. 1, 2006

Compiler's Notes: Enacting section 2 of Act 484 of 2004 provides: "Enacting section 2. Before January 31, 2006, the title IV-D agency and the worker's compensation agency shall report to the standing committees of the senate and house of representatives with primary responsibility for legislation concerning child support enforcement on the status of, efficacy of, and problems that have arisen in the implementation of the provisions of the support and parenting time enforcement act that were amended or added by this amendatory act and in the implementation of the related interagency agreement. In addition, the worker's compensation agency shall report to those same standing committees the effect that implementation has had on efficiency in the management of worker's compensation case settlements and redemptions."

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