GRAND RAPIDS AREA CHAMBER OF COMMERCE

To: Senate Commerce Committee

From: Allie M. Bush, Grand Rapids Area Chamber of Commerce

Subject: Support House Bills 4119 & 4120

Date: March 4, 2015

On behalf of the Grand Rapids Area Chamber of Commerce (GRACC) and our 2,500 members, we ask for your support of House Bills 4119 & 4120 as they seek to improve predictability and fairness in the wage garnishment process.

The Writ of Garnishment process provides an avenue for creditors to collect monies owed to them. However, Michigan's current law is cumbersome, time consuming and costly for employers in administering the process.

Our members – both large and small employers – have reported that they deal with multiple garnishments on a regular basis. Current law has simply created a tedious administrative burden for employers as renewal filings must occur every 182 days with a filing fee of $6.00

Often times, employees have multiple garnishments with the second one starting when the first garnishment reaches the renewal date. This package would simplify the process by allowing a garnishment to continue until it is paid off and by creating a flat $35.00 fee. This would reduce the amount of correspondence employers must have with the courts and reduce the amount of time employers must spend on garnishments.

Additionally, the current process places employers at risk of being held liable for the entire debt of an employee or former employee in the case of an administrative mistake. The financial burden should not be placed on employers, but be the responsibility of the individual – with administrative assistance from employers through the garnishment process.

The package would alleviate unnecessary employer liability by specifying that a Writ of Garnishment is not valid or enforceable unless it is served on the garnishee in accordance with the Michigan Court Rules, and by establishing procedures before a creditor may take a default judgment against an employer. Improving the process addresses a very serious risk that businesses are currently exposed to under the current structure and will save businesses time and money.

The Grand Rapids Chamber supports fair and affordable employment laws. We believe employers should have the flexibility to manage their workforce and employees' needs with limited government involvement or regulation. While employers ideally would not be involved in the garnishment process, we understand it is necessary to ensure creditors may collect their monies.

House Bills 4119 & 4120 would improve the garnishment process, save employers' time and money, and limit their exposure to liability. In other words, these bills make better business sense. For these reasons, I ask for your support of this legislation. If you have any questions, please do not hesitate to contact me at 616.771.0311.

Sincerely,

Allie M. Bush

Allie M. Bush
Public Policy Coordinator