

HOUSE BILL 550

D4

4r1467
CF 4r2611

By: **Delegate Rosenberg**

Introduced and read first time: January 29, 2014

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Child Support – Income Tax Refund Intercept – Priority of Requests and**
3 **Information to Obligee**

4 FOR the purpose of requiring certain arrearages collected through the Federal Tax
5 Refund Offset Program to be applied in a certain order under certain
6 circumstances; requiring the Child Support Enforcement Administration to
7 provide a certain information sheet to an obligee who receives a certain refund;
8 requiring the Department of Human Resources to submit a report to the
9 General Assembly on or before a certain date on why certain options for
10 improving child support collection have not been implemented and the cost of
11 implementing those options in the future; and generally relating to child
12 support income tax refund intercepts.

13 BY adding to

14 Article – Family Law

15 Section 10–108.8

16 Annotated Code of Maryland

17 (2012 Replacement Volume and 2013 Supplement)

18 Preamble

19 WHEREAS, Over 92,000 child support cases in Maryland in fiscal 2012 involved
20 former temporary cash assistance (TCA) recipients; and

21 WHEREAS, Nationwide over \$2.2 billion is collected from noncustodial parents
22 using the Federal Tax Refund Offset (FTRO) procedure; and

23 WHEREAS, Currently in Maryland, any money collected by FTRO is first
24 allocated to pay State assigned arrearages for former TCA recipients and then any
25 remaining funds are used to pay the custodial parent, even if the custodial parent's
26 arrears were accrued first; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, Enactment of a “families first” policy which would pay the custodial
2 parent before the State provides more support to families and children living in
3 poverty; and

4 WHEREAS, Awarding child support payments to custodial parents, instead of
5 paying off State TCA–related debt, provides critical financial stability to prevent
6 custodial families from returning to TCA; and

7 WHEREAS, Giving child support payments to custodial parents means that
8 100% of the intercepted funds are invested in the local economy rather than the
9 federal government collecting half of the intercepted funds, as is done in current
10 practice; and

11 WHEREAS, Providing child support payments to families first reduces poverty,
12 improves child well–being, and encourages noncustodial parents to comply with child
13 support payments; now, therefore,

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article – Family Law**

17 **10–108.8.**

18 **(A) (1) THIS SUBSECTION APPLIES ONLY TO AN OBLIGEE WHO IS OR**
19 **WAS AN APPLICANT FOR OR RECIPIENT OF TEMPORARY CASH ASSISTANCE WHO**
20 **ASSIGNED ALL RIGHT, TITLE, AND INTEREST IN SUPPORT, FOR THE PERIOD**
21 **THAT THE FAMILY RECEIVES TEMPORARY CASH ASSISTANCE, TO THE STATE**
22 **UNDER § 5–312(B)(2) OF THE HUMAN SERVICES ARTICLE.**

23 **(2) IF ARREARAGES ARE COLLECTED THROUGH THE FEDERAL**
24 **TAX REFUND OFFSET PROGRAM, THE INTERCEPTED AMOUNT SHALL BE**
25 **APPLIED FIRST TO THE ARREARAGES OWED TO THE OBLIGEE AND, IF THERE IS**
26 **ANY AMOUNT REMAINING, TO THE STATE OBLIGATION.**

27 **(B) IF AN OBLIGEE RECEIVES A REFUND UNDER THIS SECTION, THE**
28 **ADMINISTRATION SHALL PROVIDE THE OBLIGEE WITH AN INFORMATION SHEET**
29 **ON:**

30 **(1) OPTIONS FOR SAVING THE REFUNDED MONEY, INCLUDING**
31 **PROGRAMS THAT OFFER SAVINGS ASSISTANCE;**

32 **(2) THE IMPORTANCE OF SAVING MONEY FOR EMERGENCIES AND**
33 **FOR LONG–TERM FINANCIAL STABILITY;**

1 **(3) THE BENEFITS OF USING A BANK OR CREDIT UNION TO SAVE**
2 **MONEY;**

3 **(4) TYPES OF SAVINGS PRODUCTS, INCLUDING SAVINGS**
4 **ACCOUNTS, CERTIFICATES OF DEPOSIT, MONEY MARKET ACCOUNTS, AND**
5 **SAVINGS BONDS; AND**

6 **(5) HOW TO CHOOSE A FINANCIAL INSTITUTION AND SAVINGS**
7 **PRODUCT.**

8 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 1,
9 2014, the Department of Human Resources shall report to the General Assembly, in
10 accordance with § 2–1246 of the State Government Article, on why the Department
11 has not implemented the following options for improving child support collection
12 which were provided to states by the Deficit Reduction Act of 2005 and the costs of
13 implementing these options in the future:

14 (a) passing through child support payments to custodial parents who receive
15 Temporary Assistance for Needy Families and disregarding that amount when
16 computing the custodial parent's benefit amount; and

17 (b) discontinuing assignments for pre-assistance arrearages for families that
18 received Temporary Assistance for Needy Families from the adoption of the Personal
19 Responsibility and Work Opportunity Reconciliation Act in 1996 to the
20 implementation of the Deficit Reduction Act.

21 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 October 1, 2014.