

SENATE BILL 812

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CF HB 550

By: **Senators Raskin, DeGrange, Kelley, King, Klausmeier, Madaleno, Peters, and Shank**

Introduced and read first time: January 31, 2014

Assigned to: Judicial Proceedings

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 on 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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 remaining funds are used to pay the custodial parent, even if the custodial parent's
2 arrears were accrued first; and

3 WHEREAS, Enactment of a "families first" policy that would pay the custodial
4 parent before the State provides more support to families and children living in
5 poverty; and

6 WHEREAS, Awarding child support payments to custodial parents, rather than
7 paying off State TCA-related debt, provides critical financial stability to prevent
8 custodial families from returning to TCA; and

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

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

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

18 **Article – Family Law**

19 **10-108.8.**

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

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

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

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

1 **(2) THE IMPORTANCE OF SAVING MONEY FOR EMERGENCIES AND**
2 **FOR LONG-TERM FINANCIAL STABILITY;**

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

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

8 **(5) HOW TO CHOOSE A FINANCIAL INSTITUTION AND SAVINGS**
9 **PRODUCT.**

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

16 (a) passing through child support payments to custodial parents who receive
17 temporary assistance for needy families and disregarding that amount when
18 computing the custodial parent's benefit amount; and

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

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