SENATE BILL 812

D4 4lr2611
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

AN ACT concerning

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

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

BY adding to
Article – Family Law
Section 10–108.8
Annotated Code of Maryland
(2012 Replacement Volume and 2013 Supplement)

Preamble

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

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

WHEREAS, Currently in Maryland, any money collected by FTRO is first 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.

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

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

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

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

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

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

Article – Family Law

10–108.8.

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

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

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

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

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

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

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

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

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

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

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

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