

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 106

(Senator Muse)

Judicial Proceedings

Child Support - Suspension of Driver's Licenses

This bill extends, from 60 to 120 days, the period during which the holder of a noncommercial driver's license may be out of compliance with a child support order before the Child Support Administration (CSA) is authorized to notify the Motor Vehicle Administration (MVA) to begin the process to suspend the obligor's license. Among other provisions, the bill also (1) alters procedures CSA must take before notifying MVA of an obligor's noncompliance, including requiring CSA to petition the court to make a finding (after a hearing) that suspension is appropriate, as specified; (2) permits the obligor to make a request for reinstatement of the license with CSA or the court; and (3) requires CSA, on the request of the obligor, to request for MVA to expunge an obligor's record of license suspension for failure to pay child support, as specified.

Fiscal Summary

State Effect: General/federal fund expenditures increase significantly (perhaps by several million annually) for additional staff at the Department of Human Services (DHS) and the Office of the Attorney General (OAG) beginning in FY 2026. General fund expenditures also increase by \$340,800 in FY 2026 and approximately \$65,000 annually thereafter for programming costs. State expenditures are assumed to be supported by 66% federal funds/34% general funds; federal fund matching revenues increase correspondingly to federal fund expenditures. Reimbursable expenditures and revenues decrease minimally for the Office of Administrative Hearings (OAH). Significant operational and potential fiscal impact on the Judiciary. Minimal decrease in general fund fine revenues.

Local Effect: Local government expenditures, partially offset by federal matching funds received from the State, may increase in jurisdictions where a local agency (generally the State's Attorney's office) carries out child support enforcement within the jurisdiction.

Small Business Effect: Minimal.

Analysis

Bill Summary/Current Law:

Applicable Period of Noncompliance – Driver’s License Suspensions

Statute establishes procedures by which MVA is generally required to suspend an individual’s noncommercial driver’s license after receiving notice from CSA that the individual is at least 60 days out of compliance with the most recent court order in making child support payments (120 days for commercial licenses). The bill extends the applicable period of noncompliance to 120 days for noncommercial driver’s licenses.

Procedural Requirements Prior to Suspensions

Under current law, before providing any information to MVA, CSA must send written notice of the proposed suspension action to an obligor, including notice of the obligor’s right to request an investigation on any of the following grounds: (1) the information regarding the reported arrearages is inaccurate; (2) suspension of the obligor’s license or privilege to drive would be an impediment to the obligor’s current or potential employment; or (3) suspension of the obligor’s license or privilege to drive would place an undue hardship on the obligor because of the obligor’s inability to comply with the court order or a documented disability resulting in a verified inability to work. An obligor may appeal the results of an investigation to OAH. If, after an investigation (or appeal), CSA finds that one of the circumstances specified above exists, CSA may not send any information about the obligor to MVA.

CSA is also prohibited from sending any information about an obligor to MVA if (1) CSA reaches an agreement with the obligor regarding a scheduled payment of child support arrearages (or a court issues an order for a scheduled payment) and (2) the obligor is complying with the agreement (or court order).

The bill repeals the above procedural requirements.

New Procedural Requirements and Court Determinations

Under the bill, before CSA may send information to MVA about an obligor, after making reasonable attempts in writing and electronically to notify the obligor of noncompliance status, CSA must petition the court to make a finding that suspension of the obligor’s license or privilege to drive is appropriate, under the provisions specified below. Notice of the court petition must be served on the obligor. If, after a hearing, the court determines that suspension of the obligor’s license or privilege to drive is appropriate, CSA may notify MVA. The bill further specifies that the court may make a finding that the suspension of

the obligor's license or privilege to drive is appropriate if CSA proves by *clear and convincing evidence* that the obligor has the funds to pay the arrearage balance but is making the free and conscious choice to withhold payment or is voluntarily impoverished as defined in the Family Law Article.

The court may *not* make a finding that suspension of the obligor's license or privilege to drive is appropriate if either the information regarding the reported arrearage is inaccurate or the obligor proves any of the following factors by a *preponderance of the evidence*:

- the minor child is residing primarily with the obligor;
- the obligor has a documented disability resulting in a verified inability to work;
- suspension of the obligor's license or privilege to drive would be an impediment to current or potential employment;
- the obligor does not have the ability to pay and is making reasonable efforts to become or remain employed;
- CSA reached an agreement with the obligor, including through a payment incentive program for a scheduled payment of the arrearages, or the court issued an order for a scheduled payment of the arrearages, and the court determines that the obligor is complying with the agreement or the order;
- suspension of the license or privilege to drive would be an impediment to the obligor's ability to assist with the transportation needs of the minor child; or
- any other circumstance that the court determines would place an undue hardship on the minor child, the child support payment recipient, or the obligor.

Pursuant to the Family Law Article, "voluntarily impoverished" means that a parent has made the free and conscious choice, not compelled by factors beyond the parent's control, to render the parent without adequate resources.

Additional Notice Requirements – Motor Vehicle Administration

Statute also requires, prior to a suspension, for MVA to send written notice of the proposed action to the obligor, including notice of the obligor's right to contest the accuracy of the information. However, the challenge must be limited to the issue of mistaken identity. Similarly, an obligor may appeal a decision of MVA to suspend the license/privilege to drive; the issue at such a hearing must be limited to that of mistaken identity. The bill also requires MVA to make reasonable attempts to notify the obligor, as specified.

Reinstatement and Expungement

Under current law, CSA must notify MVA to reinstate the obligor's license or privilege to drive if specified circumstances are applicable (*e.g.*, the obligor's arrearage is paid in full);

the bill repeals this provision, instead requiring CSA to notify MVA if CSA or the court finds that the suspension of the obligor's license or privilege to drive is not appropriate. The bill also allows the obligor to request reinstatement of the obligor's license with CSA or the court.

Also under current law, CSA may request that MVA expunge a record of a suspension of license or privilege to drive for failure to pay child support if an obligor is (1) enrolled in – and compliant with – an approved employment program or (2) the information reported by CSA that led to the suspension was inaccurate. The bill requires CSA, on request of the obligor, to make a request for expungement with MVA.

Miscellaneous Provisions

In addition, the bill repeals a requirement for OAH to cooperate with the Secretary of Human Services and the Secretary of Transportation in the adoption of regulations to implement the statutory provisions related to the suspension of driving privileges of an obligor for child support arrearages. Instead, the Supreme Court of Maryland may adopt rules to implement the provisions affecting driver's license suspensions.

State Fiscal Effect: State expenditures (general/federal funds) are anticipated to increase *significantly* under the bill to implement new procedures and requirements for driver's license suspensions based on nonpayment of child support. The expenditures are generally assumed to be supported by 34% general funds and 66% federal funds. Federal fund matching revenues increase correspondingly to federal fund expenditures.

Staffing Needs – Department of Human Services and the Office of the Attorney General

The bill represents a significant departure from current operating procedures for child support specialists within DHS and assistant Attorneys General who generally support the work of local departments in child support matters. For instance, DHS advises that, although CSA specialists currently conduct investigations to determine noncompliance before initiating driver's license suspension procedures, CSA specialists only have to factually prove an obligor's nonpayment, not whether an obligor has the ability to pay. OAG notes generally that the bill requires attorneys to make significantly more court appearances. Accordingly, and based on information provided by DHS and OAG, the bill necessitates a significant increase in staff for additional child support specialists and assistant Attorneys General. Specifically, DHS and OAG advise that *up to* 23 attorneys and 29 child support specialists may be required, with estimated expenditures of up to \$4.6 million in fiscal 2026, which accounts for the bill's October 1, 2025 effective date, and increasing to \$6.3 million by fiscal 2030. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

The Department of Legislative Services (DLS) generally agrees that additional staff is required; however, without actual experience under the bill, it is unable to reliably estimate the precise staffing needs statewide. DLS notes that fewer suspensions are likely to be pursued under the bill, given the high burden that CSA must satisfy with the courts and the extended time obligors have to comply with an order prior to a potential suspension. However, *for illustrative purposes only*, expenditures associated with only providing additional staff for the five largest jurisdictions exceed \$1.1 million on an annual basis, which accounts for salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses associated with one specialist and one assistant Attorney General in each of the five jurisdictions.

Programming Costs

State expenditures also increase by \$340,800 in fiscal 2026 for one-time programming costs for DHS to update the Child Support Management System within the Maryland Total Human-Services Integrated Network. DHS also expects ongoing annual maintenance costs of \$64,752.

The Judiciary

The bill has a significant operational and potential fiscal impact on the Judiciary and the circuit courts. The Judiciary notes that under the bill, all driver's license suspensions would first require a judicial determination, perhaps resulting in thousands of new hearings with the circuit courts. Accordingly, State expenditures may increase to the extent the courts are unable to accommodate the influx of new hearings with existing resources.

Impacts on the Office of Administrative Hearings

OAH reimbursable expenditures decrease minimally due to the bill's provisions repealing the obligor's right to appeal the results of a CSA investigation to OAH. OAH indicates that 34 hearing requests were made in fiscal 2023 involving CSA and an obligor's driver's license suspension. Reimbursable revenues correspondingly decrease.

Other Effects

The bill also affects general fund revenues. In calendar 2023 (the last year for which information is readily available), MVA suspended approximately 20,500 licenses due to child support noncompliance. Because the bill requires CSA to petition the court to make a finding about whether the suspension of the obligor's license is appropriate and extends the time during which an obligor may be out of compliance before CSA initiates suspension efforts, the number of citations issued to individuals driving with a suspended driver's license is likely to decline, at least minimally. An individual convicted of driving with a

license that is suspended due to nonpayment of child support is subject to a fine of up to \$500, may not prepay the fine, and must appear in court. Additionally, three points are assessed against the person's license.

MVA advises that it does not charge a fee for a driver's license reinstatement if a person shows they are in compliance after a suspension. Therefore, Transportation Trust Fund revenues are not materially affected by the bill.

Local Fiscal Effect: CSA may enter into cooperative reimbursement agreements with local governments that wish to carry out child support enforcement within their jurisdiction. Under cooperative agreements, the local agency undertaking the child support function receives the 66% federal match for expenses it incurs for completing this function. The federal funds are budgeted within CSA as the State child support agency. However, because local governments are responsible for costs not reimbursed by federal funds under a CSA cooperative reimbursement agreement, local government expenditures may increase in certain jurisdictions to the extent additional resources are required.

Additional Comments: As a condition of receiving certain federal funding, states must have a process by which licenses are suspended in appropriate cases. More specifically, standards under the federal Title IV-D program, which provides significant funding for states to conduct child support services, require states to have certain laws to improve child support enforcement effectiveness, including the authority to withhold or suspend driver's licenses of individuals owing overdue child support. These elements – among others – are generally required as part of every state plan for child and spousal support. Further, as a condition of receiving federal Temporary Assistance for Needy Families funding, states must certify that they are operating a child support enforcement program under an approved state plan. DLS notes that the circumstances under which an obligor's license may be suspended vary widely among the states, according to a review of applicable statute. Further, nothing in the federal law or implementing rules appears to specifically provide that provisions within this bill would violate such requirements; however, DLS notes that any such determination would be made by the federal Office of Child Support Services.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 311 and SB 174 of 2024.

Designated Cross File: HB 110 (Delegates Simpson and Taylor) - Judiciary.

Information Source(s): Montgomery County; Office of the Attorney General; Judiciary (Administrative Office of the Courts); Department of Human Services; Maryland

Department of Transportation; Office of Administrative Hearings; Department of
Legislative Services

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