

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 43 (Senator Trotter)
Judicial Proceedings

Child Support - Nonpayment - Consequences

This bill prohibits a parent of a deceased minor from receiving payment from wrongful death actions, estates, and insurance policies if the parent is late by more than 60 days on child support payments at the time of the minor's death. Life insurance policies issued before October 1, 1997 must be amended to comply with these requirements on the first policy renewal anniversary date on or after October 1, 1997.

Fiscal Summary

State Effect: Minimal impact on revenues and expenditures as discussed below.

Local Effect: Minimal impact on revenues as discussed below. Expenditures would not be affected.

Small Business Effect: Potential minimal impact on small businesses as discussed below.

Fiscal Analysis

State Revenues: Most wills contain a provision that the inheritance tax is to be paid by the estate. In these cases, the bill would have no effect on revenues. If there is no provision in the will for the estate to pay the inheritance tax, then the tax is paid by each beneficiary. For lineal descendants, the inheritance tax is 1%. For non-lineal descendants, the inheritance tax is 10%. Therefore, to the extent that estate property is distributed to non-lineal rather than lineal descendants, State general fund revenues could increase by a minimal indeterminate amount. It is unlikely, however, that estate property will be distributed very frequently to non-lineal descendants as a result of the bill's provisions. Any increased revenues would be distributed 25% to the county register of wills office and 75% to the State general fund.

State Expenditures: The number of child support cases affected by the bill's requirements is expected to be minimal; therefore, any additional workload resulting from the bill's

provisions can be handled with existing budgeted resources. For illustrative purposes, the number of child support orders with payments late by at least two months is anticipated to be 179,000 in fiscal 1997.

Local Revenues: Any increased inheritance tax revenues resulting from estate property distributed to non-lineal rather than lineal descendants would be allocated 25% to the county register of wills office and 75% to the State general fund. It is unlikely, however, that estate proceeds will be distributed very frequently to non-lineal descendants as a result of the bill's provisions.

Small Business Effect: It is assumed that the bill's requirement that life insurance policies must be amended to comply with the bill's provisions will have a negligible impact on life insurance companies, brokers, and agents. The bill is unlikely to affect life insurance premiums or to compel additional form filings.

Information Source(s): Department of Human Resources, Comptroller of the Treasury, Register of Wills, Department of Fiscal Services

Fiscal Note History: First Reader - January 27, 1997

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