

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 196 (Senator Trotter)

Judicial Proceedings

Child Support - Nonpayment - Consequences

This bill prohibits a parent of a deceased minor from receiving payment from wrongful death actions, estate distributions, and insurance policies if the parent is more than 60 days late on child support payments at the time of the minor's death. Life insurance policies issued before October 1, 1998 must be amended to comply with these requirements on the first policy renewal anniversary date on or after October 1, 1998. The provision regarding distributions from a minor's estate is to be construed retroactively and applies only to those estates opened on or after October 1, 1995 which have not been closed as of October 1, 1998.

Fiscal Summary

State Effect: Minimal impact on revenues and expenditures.

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

Small Business Effect: Potential minimal.

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. The bill is silent as to where estate property not distributed to a parent would go. 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 in arrears by at least two months was 206,600 as of December 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.

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

Fiscal Note History: First Reader - February 2, 1998

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