

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Bill 48 (Chairman, Judicial Proceedings Committee)
(Departmental - Human Resources)

Judicial Proceedings

Family Law - Child Support - Enforcement

This departmental bill allows the Child Support Enforcement Administration (CSEA) to deduct an administrative fee from a child support payment under an expanded federal offset intercept program. The name of the federal program changes from the Federal Tax Refund Offset Program to the Federal Treasury Offset Program. The bill takes effect July 1, 1999.

Fiscal Summary

State Effect: Moderate increase in special fund revenues in FY 2000 to defray administrative costs and one-time expenditure increase of \$40,000 (\$13,600 general funds and \$26,400 federal funds) for computer system changes. Future year revenues would decrease with any rise in the federal intercept fee. If the bill is not passed, the State cannot deduct the \$25 per intercept and would lose \$8.35 per new intercept to the federal government.

Local Effect: None.

Small Business Effect: The Department of Human Resources has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Fiscal Analysis

Background: The federal government has expanded its tax refund offset program for overdue child support to include checks issued by the U.S. Treasury Department, such as vendor payments and federal retirement checks. Under the current program, only federal tax refunds are intercepted. The federal government currently charges the State an administrative fee of \$8.35 for each intercept. State law allows CSEA to defray administrative expenses by deductions from the intercepted tax refund; the State, by regulation, deducts \$25 from each intercept to cover the federal charge and its own administrative costs, in effect yielding a net collection of \$16.65 in general funds per intercept. This bill allows CSEA to deduct the \$25 fee from the expanded offset intercepts. CSEA does not deduct the fee from child support payments intercepted for Temporary Cash Assistance (TCA) recipients.

State Effect: Under the expanded federal intercept program, the State would realize \$16.65 in special funds per new intercept. However, it is not possible to reliably predict the number of intercepts that would be gained under the expanded federal program. Expenditures could increase on a one-time basis by \$40,000 in fiscal 2000 (\$13,600 general funds and \$26,400 federal funds) for computer system changes to allow the fee deduction, based on comparable costs for system redesign in previous projects. This expenditure increase offsets the \$16.65 realized per intercept, but only in fiscal 2000. If the bill is not passed, the State cannot deduct the \$25 per intercept and would lose \$8.35 per new intercept to the federal government.

Additional Comments: Any increased child support collections are the result of the federal action rather than the bill's provisions.

Information Source(s): Department of Human Resources, Department of Legislative Services

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emg/jr

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