

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE

Senate Bill 57 (Senator Stone)
 Judicial Proceedings

Child Support Enforcement Administration - Service of Notices - Time for Appeal

This bill alters the procedures for notifying child support obligors in arrears of the proposed seizure of funds from a financial institution, the proposed suspension of driving privileges to satisfy arrearages, and the service of an earnings withholding notice on an employer. The bill also expands the time an obligor has to appeal the interception of a State income tax refund or lottery prize to the Child Support Enforcement Administration (CSEA).

Fiscal Summary

State Effect: General fund expenditures increase by \$357,100 and federal fund expenditures increase by \$693,100 for certified mail of required notifications and database enhancements to provide for certified mail. Database enhancements occur in FY 2007 only. Out-years include annualization and inflation.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	357,100	424,800	429,100	433,400	437,700
FF Expenditure	693,100	824,700	832,900	841,200	849,600
Net Effect	(\$1,050,200)	(\$1,249,500)	(\$1,262,000)	(\$1,274,600)	(\$1,287,300)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: This bill provides that when CSEA must notify a child support obligor of the attachment and seizure of funds from the obligor's financial accounts, of the proposed action to suspend the obligor's driving license or privilege, or the issuance of an earnings withholding notice on an obligor's employer, the first notice must be by one of the following methods:

- hand delivery;
- certified mail, return receipt requested; or
- electronic mail, return receipt requested.

If CSEA cannot obtain service on the obligor by one of these methods, then a second notice must be sent by first class mail to the obligor's last known address or the last known place of employment if the home address is unknown.

This bill also specifies that within 30 days after receipt of a notice that a certification has been made to the State Comptroller to intercept the obligor's State income tax refund, the obligor may ask CSEA to investigate the arrearage.

The time for the obligor to appeal transfer of a lottery prize to CSEA is expanded from 15 to 30 days. The State Lottery Agency must send a notice to the obligor that the prize will be transferred to CSEA if no appeal is filed within 30 days. Upon receipt of the notice of proposed transfer, an obligor who disputes the existence or amount of the arrearage may appeal the proposed transfer to CSEA within 30 days of the notice. If no appeal is filed within 30 days, the State Lottery Agency is required to transfer the prize or amount of the support arrearage to CSEA.

Current Law:

Attachment and Seizure of Financial Accounts: If a child support obligor is \$500 or more in arrears of a child support obligation and has not paid support for more than 60 days, CSEA may initiate an action to attach and seize the arrearage amount from one or more financial accounts of the obligor.

Before attaching and seizing the accounts, CSEA must send a notice to the obligor by first class mail at the obligor's last known address regarding the enforcement actions that could be taken. CSEA must then send a notice to the financial institution by certified mail, return receipt requested, or by another acceptable method, containing specified information regarding the obligor and the arrearage. Within two days after CSEA has received a return receipt from the financial institution, CSEA is required to send notice

promptly by regular mail to the obligor at the obligor's last known address or place of employment if the address is not known.

Suspension of Driver's License: CSEA may notify the Motor Vehicle Administration (MVA) of any obligor who is 60 days or more out of compliance with the most recent court order for child support payments. Upon notification, the MVA is required to suspend the obligor's driver's license or privilege and may issue a work-restricted driver's license or privilege.

Before sending any information to the MVA, CSEA must send written notice of the proposed action to the obligor (by first class mail, although not specified in statute), including the obligor's right to request an investigation on grounds as specified in statute. When CSEA receives a request for investigation, CSEA must conduct an investigation. After the investigation is completed, CSEA must notify the obligor of the investigation results and the obligor's right to appeal to the Office of Administrative Hearings.

Earnings Withholding Orders: CSEA is authorized to serve an earnings withholding notice on an obligor's employer if a court has issued a support order and CSEA is providing child support services, or if the obligor requests an earnings withholding notice.

When CSEA serves an employer with an earnings withholding notice, CSEA must notify the obligor of the earnings withholding notice and provide other specified information. The notice and information must be sent by first class mail to the obligor's last known home address and place of employment.

Appeal Time Frames – State Income Tax Refund and Lottery Prize Interception: CSEA may certify to the State Comptroller or the State Lottery Agency any obligor who is in arrears amounting to more than \$150 under a child support court order, if CSEA has accepted an assignment of support or the support recipient has filed an application for support enforcement services with CSEA.

On receipt of the notice of certification to the Comptroller, an obligor who disputes the existence or the arrearage amount may ask CSEA to investigate. If the obligor wins a lottery prize to be paid by check by the State Lottery Agency, the agency must notify the obligor that it has received certification from CSEA of the child support arrearage and that the agency proposes to transfer the prize or the appropriate portion to CSEA if no appeal is filed within 15 days. Upon receipt of a notice from the State Lottery Agency, an obligor who disputes the existence or amount of the support arrearage may appeal to CSEA within 15 days of the date of the notice. If no appeal is filed within 15 days, the State Lottery Agency must transfer the amount of the support arrearage to CSEA.

State Expenditures: Total fund expenditures are expected to increase \$1,050,188 in fiscal 2007, accounting for the bill's October 1 effective date (\$357,064 in general funds and \$693,124 in federal funds).

Based on fiscal 2005 activity, the Department of Human Resources (DHR) advises that a total of 236,843 notices for driver's license suspensions, financial account seizures, and automatic earnings withholding would have to be sent by certified mail at a cost of \$5.67 per notice. Total expenditures also include \$122,360 (\$80,758 general funds/\$41,602 federal funds) in fiscal 2007 only, to modify CSEA automation programs in conformance with federal standards.

Total expenditures take into account the current cost of sending notices by first class mail and assume that about 1% of child support obligors could be effectively notified through electronic mail. Child support obligors are required to provide home and employment addresses to CSEA but are not required to provide electronic mail addresses. CSEA would only be able to contact those obligors that voluntarily provided e-mail addresses.

DHR advises that hand delivery of notifications is generally not feasible as automation of the notification process is required to remain eligible for federal funding. CSEA is required to meet data management standards and notification time frames that are established by the federal Office of Child Support Enforcement in the Department of Health and Human Services.

Future year expenditures reflect annualization and inflation.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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ncs/jr

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