

Department of Legislative Services  
Maryland General Assembly  
2024 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 813  
Judiciary

(Delegate Toles, *et al.*)

Rules

**Driver's Licenses - Suspension for Child Support Arrearages - Exception**

This bill generally exempts an obligor whose individual income for the current year is at or below 250% of the federal poverty guidelines from provisions requiring the Motor Vehicle Administration (MVA) to suspend the obligor’s license or privilege to drive in the State if the obligor is out of compliance with a child support order and specified conditions are met. However, this exemption does not apply if the obligor has been judicially determined to be “voluntarily impoverished” under State law. For purposes of the bill, to determine the income of an obligor, the Child Support Administration (CSA) may consider (1) the income of the obligor at the time the most recent child support order was entered or (2) information on the obligor’s income provided by the obligor, the Comptroller, or an employer of the obligor.

**Fiscal Summary**

**State Effect:** General and federal fund expenditures increase for the Department of Human Services (DHS) beginning in FY 2025, as discussed below, including one-time programming costs of \$125,000 in FY 2025 only. Federal fund matching revenues increase correspondingly to any increase in federal fund expenditures. General fund expenditures for the Comptroller’s Office may increase for programming costs, as discussed below. General fund revenues likely decrease minimally due to fewer citations issued to individuals for driving with a suspended license.

**Local Effect:** The bill does not materially affect local government operations or finances.

**Small Business Effect:** None.

## Analysis

### Current Law:

#### *Child Support Administration Notification Requirements – License Suspension*

*Applicable Period of Noncompliance:* After providing an obligor with notice and the opportunity to request an investigation, as specified below, CSA within DHS may notify MVA if an obligor is 60 days or more out of compliance (120 days for holders of a commercial license) with the most recent order of the court in making child support payments. Upon such notification, MVA must suspend an obligor's license or privilege to drive and may issue a work-restricted license or work-restricted privilege to drive.

*Procedural Requirements Prior to Reporting to MVA:* Before providing any information to MVA regarding a child support obligor, CSA must send written notice of the proposed 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 arrearage 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 documented disability resulting in a verified inability to work or inability to comply with the court order. In addition, CSA must give the obligor a reasonable opportunity to request an investigation of the proposed action. If, after an investigation or appeal to the Office of Administrative Hearings (OAH), CSA finds that one of the circumstances specified above exists, CSA may not send any information about the obligor to MVA.

Additionally, CSA may not send 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).

#### *Voluntary Impoverishment*

Under current law, "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.

#### *Reinstatement of Obligor's License*

MVA must reinstate an obligor's license or privilege to drive if it receives a court order to do so or if CSA notifies MVA that (1) the individual is not in arrears in making child

support payments; (2) the obligor has paid the support arrearage in full; (3) the obligor has demonstrated good faith by paying the ordered amount of support for six consecutive months; or (4) the obligor is a participant, in full compliance, in an employment program approved by CSA. As discussed below, an obligor has the right to request an investigation based on specified grounds prior to information being sent to MVA. MVA must also reinstate the license on notice from CSA that one of these specified grounds exists.

### **State Fiscal Effect:**

#### *Department of Human Services*

DHS advises that it requires 29 caseworkers to determine the obligors excluded under the bill, at an annual cost of approximately \$2.0 million. While acknowledging that the volume of potentially impacted cases (more than 20,000 individuals had licenses suspended due to child support noncompliance in fiscal 2023) is likely high enough that any extra work or departure from routine processing methods is not fully absorbable, the Department of Legislative Services (DLS) disagrees that 29 positions, as indicated by DHS, are required.

CSA must already provide written notice to an obligor and give the individual a reasonable opportunity to request an investigation prior to supplying information to MVA; procedures could likely be developed to alert an obligor whose income may be at or below 250% of the federal poverty level to supply necessary information to CSA – and for CSA to determine the obligor’s income as specified in the bill – in order to prevent a referral to MVA. A specific estimate of costs depends on procedures ultimately developed by CSA; however, it is assumed that the bill’s requirements can be handled more efficiently and with fewer resources than estimated by DHS. *For illustrative purposes only*, for every additional caseworker needed, expenditures increase by \$58,700 in fiscal 2025 (which reflects the bill’s October 1, 2024 effective date) and approximately \$73,000 annually thereafter, of which 34% is supported by general funds, and 66% is supported by federal funds.

In fiscal 2025 only, DHS reports reprogramming is necessary in order to implement the bill’s changes. Thus, State expenditures increase by \$125,000 in fiscal 2025 for that purpose (of which 34% is general funds; 66% is federal funds).

DLS also notes that DHS receives federal incentive funds for performance measures related to its child support enforcement efforts. Performance measures include payments on arrears and total collections, both of which may be impacted by the bill to the extent that obligors’ payment habits change as a direct result of no longer being subject to license suspension. However, because license suspension is not the only enforcement tool available to CSA and an obligor may continue to attempt to comply with a child support order even without

the possibility of license suspension, any impact on such federal incentive funds *solely* attributable to the bill is not anticipated to be material.

### *Other Agencies*

The Comptroller advises that one full-time senior tax attorney is necessary to draft and maintain interagency memorandums of understanding and monitor ongoing compliance with the use of confidential tax data. While DLS agrees that the bill requires additional legal duties to be performed by the Comptroller's Office, DLS disagrees that additional staff is needed and advises that the responsibilities can likely be handled using existing staff resources.

However, depending on the manner in which the bill is implemented, the Comptroller may incur programming costs to facilitate the sharing of income information with CSA. Although costs cannot be reliably estimated prior to decisions regarding implementation, under one scenario, programming costs of up to \$350,000 in fiscal 2025 only may be incurred.

The bill does not materially affect MVA, OAH, or the Judiciary.

### *Fine Revenues and Reinstatement Fees*

The bill also affects general fund revenues. Because the bill repeals the possibility of a license suspension due to nonpayment of child support for certain individuals, the number of citations issued to individuals driving with a suspended driver's license is likely to decline. 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.

In fiscal 2023, MVA suspended approximately 20,512 licenses due to child support noncompliance. 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.

**Additional Comments:** The Judiciary has previously advised that, tied to federal reimbursement for states, federal law requires each state to have in effect laws requiring the use of certain procedures, including those under which the state has, and uses in appropriate cases, authority to withhold or suspend or otherwise restrict the use of driver's licenses of individuals owing overdue support. Nevertheless, the Judiciary advised that nothing in the federal law or implementing rules specifically provides that the income limits in this bill would violate that statutory requirement. In its June 2019 report,

[Reforming Child Support to Improve Outcomes for Children and Families](#), the Abell Foundation recommended that Maryland stop suspending driver's licenses for child support nonpayment when parents earn less than 200% of the federal poverty level.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See SB 164 and HB 326 of 2023 and SB 884 and HB 1293 of 2022.

**Designated Cross File:** None.

**Information Source(s):** Comptroller's Office; Judiciary (Administrative Office of the Courts); Department of Human Services; Maryland Department of Transportation; Office of Administrative Hearings; Abell Foundation, *Reforming Child Support to Improve Outcomes for Children and Families*; Department of Legislative Services

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