

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 681
Judiciary

(Delegate Toles, *et al.*)

Judicial Proceedings

Child Support - Driver's License Suspension for Arrearages and Court Orders

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 or an employer of the obligor. The bill also requires the court, after establishing a child support order, to send a copy of the guideline calculation and the order to CSA. Finally, the bill extends, from 60 to 120 days, the period during which the holder of a noncommercial license may be out of compliance with a child support order before CSA notifies MVA to begin the process to suspend the obligor's license.

Fiscal Summary

State Effect: Potential significant increase in general and federal fund expenditures for the Department of Human Services (DHS) beginning in FY 2026, as discussed below, including one-time programming costs of \$125,000 in FY 2026 only. Federal fund matching revenues increase correspondingly to any increase in federal fund expenditures. Potential general fund expenditures for the Judiciary. General fund revenues likely decrease minimally due to fewer citations issued to individuals for driving with a suspended license.

Local Effect: Potential significant operational impact on the circuit courts, as discussed below.

Small Business Effect: Minimal.

Analysis

Current Law:

Calculation of Child Support Obligation

In a proceeding to establish or modify child support, whether *pendente lite* or permanent, the court is required to use the child support guidelines. The basic child support obligation is established in accordance with a schedule provided in statute. The current schedule uses the combined monthly adjusted actual income of both parents and the number of children for whom support is required to determine the basic child support obligation. Adjusted actual income, which is the basis for determining the basic child support obligation, is calculated from actual income minus preexisting reasonable child support obligations actually paid and, except as specified, alimony or maintenance obligations actually paid.

Driver's License Suspensions

Statute establishes procedures by which the MVA is generally required to suspend an individual's noncommercial driver's license after receiving notice from CSA that the individual is at least 60 days out of compliance with the most recent court order in making child support payments (120 days for commercial licenses). Before providing any information to MVA, however, CSA must send written notice of the proposed suspension 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 arrearages 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 inability to comply with the court order or a documented disability resulting in a verified inability to work. An obligor may appeal the results of an investigation to the Office of Administrative Hearings (OAH). If, after an investigation (or appeal), CSA finds that one of the circumstances specified above exists, CSA may not send any information about the obligor to MVA.

CSA is also prohibited from sending 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).

If CSA – after the above procedural requirements are satisfied – notifies MVA of an obligor’s noncompliance, MVA must suspend an obligor’s license or privilege to drive and may issue a work-restricted license or work-restricted privilege to drive. Prior to the suspension, MVA must send written notice of the proposed action to the obligor, including notice of the obligor’s right to contest the accuracy of the information. However, the challenge must be limited to the issue of mistaken identity. Similarly, an obligor may appeal a decision of MVA to suspend the license/privilege to drive; the issue at such a hearing must be limited to that of mistaken identity.

An obligor’s license (or privilege) to drive may be reinstated if (1) the arrearages are paid in full; (2) the obligor has demonstrated good faith by paying the ordered amount of support for six consecutive months; (3) the obligor is a participant in full compliance in an employment program sponsored by CSA; or (4) CSA finds that one of the aforementioned grounds – those for which an obligor may initially request an investigation prior to suspension exist. If notified by CSA that one of these circumstances is applicable, MVA must reinstate the license; MVA must also reinstate the license if it receives a court order to do so. CSA may request for MVA to expunge a record of suspension if an obligor is enrolled in and compliant with an approved employment program or the information reported by CSA that led to the suspension was inaccurate.

Voluntary Impoverishment

Under§ 12-204 of the Family Law Article, “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.

State and Local 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. DLS notes that the information provided by the courts likely helps facilitate the process in some cases, particularly when the information that has been sent by the court for a particular obligor is relatively recent. 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 \$49,000 in fiscal 2026 (which reflects the bill's October 1, 2025 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 2026 only, DHS reports reprogramming is necessary in order to implement the bill's changes. Thus, State expenditures increase by \$125,000 in fiscal 2026 for that purpose (of which 34% is general funds; 66% is federal funds).

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.

Judiciary and Circuit Courts

The bill has a significant operational impact on the Judiciary and the circuit courts. Under the bill, the courts are required to send specified documentation after establishing a child support order (regardless of whether CSA is involved in the case). The Judiciary notes that under current practice, it electronically provides all child support orders *in cases involving CSA/local child support offices* through the Maryland Electronic Courts system; for context, there were approximately 8,200 dispositions in such cases in fiscal 2024. According to information provided by the Judiciary, the bill requires courts to provide child support orders for potentially more than 50,000 additional cases per year, in addition to the guideline calculations in all cases (the guidelines are not currently provided, even for CSA-involved cases). Accordingly, general fund expenditures likely increase, at least minimally, to account for additional clerical work generated by the bill.

Other Agencies

The bill does not materially affect MVA, OAH, or the Office of the Attorney General.

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 (and allows all obligors with noncommercial driver's licenses additional time to become compliant prior to a potential license suspension), 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 (the last year readily available), MVA suspended approximately 20,500 licenses due to child support noncompliance. MVA previously advised 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 Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 139 of 2024; SB 164 and HB 326 of 2023; and SB 884 and HB 1293 of 2022.

Designated Cross File: SB 15 (Senator Watson) - Judicial Proceedings.

Information Source(s): Montgomery County; Office of the Attorney General; Judiciary (Administrative Office of the Courts); Department of Human Services; Maryland Department of Transportation; Office of Administrative Hearings; Department of Legislative Services

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