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FISCAL IMPACT REPORT

SPONSOR: Saavedra DATE TYPED: 02/11/03 HB 536a/HJC/aSJC

SHORT TITLE: Child Support Payments as Unclaimed Property SB _____

ANALYST: Weber

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
		See Narrative	Recurring	Federal

(Parenthesis () Indicate Revenue Decreases)

Near duplicate to SB427.

SOURCES OF INFORMATION

Responses Received From
Human Services Department

SUMMARY

Synopsis of SJC Amendment

The Senate Judiciary Committee made the following changes to House Bill 536:

1. Strike item 2 of House Judiciary Committee amendment. Item number two of HJC amendment is:
On page 7, line 17, after "law" strike the remainder of the line, strike lines 8 and 19, insert in lieu thereof "; and" and insert a new subsection:

“(5) Adopt regulations for the disposition of unclaimed child, spousal or medical support payments.”.
2. On page 7, line 17, after, "law" strike the remainder of the line, strike lines 18 and 19, insert in lieu thereof "; and" and insert a new paragraph:

"(5) adopt regulations for the disposition of unclaimed child, spousal or medical support payments.”.

It appears the only change is substituting the word subsection for paragraph.

Synopsis of HJC Amendment

The House Judiciary Committee amendment makes one technical adjustment that strikes “and” on page 7, line 10 that would make (3) and (4) independent rather than coupled. Also on page 7, line 17 the new section is omitted and following a new section (5) added. It states: “(5) Adopt regulations for the disposition of unclaimed child, spousal or medical support payments,”.

Synopsis of Original Bill

HB 536 amends sections of the Uniform Unclaimed Property Act to exempt from its provisions child, spousal, or medical support collected by the Human Services Department’s (HSD) Child Support Enforcement Division (CSED). HB 536 would add a provision under the Single State Agency Section (27-2-27) to authorize HSD to adopt regulations for the disposition of unclaimed payments and revises the numbering of that section.

Significant Issues

The enactment of HB 536 would bring HSD into conformance with Federal regulations (CFR 304.50, as interpreted in OCSE Action Transmittal 89-12 and subsequent Policy Information Questions 97-02 and 99-02) that require state IV-D programs to utilize unclaimed child support disbursements as program income and deduct the same from the amount claimed under program expenditures.

FISCAL IMPLICATIONS

If HB 536 is not enacted, there is a risk of loss of Federal revenue. An estimate of \$199,868 per year of undisbursed and suspended collections will become unclaimed property. This amount would become eligible to fund the CSED program; however, the additional revenue would be offset by the same amount that would be subtracted from CSED administrative costs eligible for claiming at the Federal participation rate.

ADMINISTRATIVE IMPLICATIONS

HSD would have to promulgate regulations for implementing HB 536. Accounting systems would have to be modified to account for the reversion of funds to CSED, and adjustments to Federal reporting would be necessary.

DUPLICATION

HB 536 is nearly an identical duplication with SB 427. HSD considers the language in HB 536 to be slightly clearer.

TECHNICAL ISSUES

The language in SB 536 added under 27-2-27.A. (4) implies, by its placement in this paragraph, that unclaimed property only pertains to “non-aid” families. Actually, unclaimed property may have been paid on behalf of families on assistance. SB 536 Section 27-2-27.A (4) (new numbering) could be left as is. A new paragraph of HB 536, 27-2-27.A. (5) could be added

stating: “adopting regulations for the disposition of unclaimed payments.” This would remedy the implication that unclaimed property only exists for non-assistance cases.

MW/prr/njw