

## Department of Planning and Budget 2008 Fiscal Impact Statement

**1. Bill Number:** SB 630

House of Origin	<u>X</u>	Introduced	<u>    </u>	Substitute	<u>    </u>	Engrossed
Second House	<u>    </u>	In Committee	<u>    </u>	Substitute	<u>    </u>	Enrolled

**2. Patron:** Ticer

**3. Committee:** Courts of Justice

**4. Title:** Child support; accrual of interest on debts due

**5. Summary:** This bill would prohibit charging interest on arrearages owed for child support to a noncustodial parent during a period of incarceration in a state facility.

**6. Minimal Fiscal Impact.**

**7. Budget Amendment Necessary:** No

**8. Fiscal Implications:** The total arrearages owed by incarcerated noncustodial parents amounted to \$65 million in 2007. Current law allows six percent interest to be charged on arrearages. Over a 12-month period, the accumulated interest lost on the debt would be \$3.9 million (\$65 million x 6%). The collection rate on interest is two percent; however, with this segment of the population it is estimated that none of the interest will be collected since interest is paid last, after all arrearages have been satisfied on a case. Implementation of this bill will also require reprogramming of the child support computer system to not charge interest while the noncustodial parent is incarcerated. It is estimated that these costs will be minimal and can be absorbed by the Department of Social Services.

**9. Specific Agency or Political Subdivisions Affected:**  
Department of Social Services

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None

**Date:** 1/21/2008

**Document:** G:\2008 Fiscal Year\08 Session\FIS\SB630.Doc

cc: Office of the Secretary of Health and Human Resources