

## Department of Planning and Budget 2012 Fiscal Impact Statement

**1. Bill Number:** HB 676

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Surovell, Scott A.

**3. Committee:** Courts of Justice

**4. Title:** Support; interest on arrearage

**5. Summary:** This bill provides that payments collected by the Department of Social Services on any child support arrearage pursuant to an order being enforced by the department shall be applied first to the interest on the arrearage and then to the arrearage.

**6. Budget Amendment Necessary:** No

**7. Fiscal Impact Cannot Be Determined** (see item 8)

**8. Fiscal Implications:** The bill will require a system modification to the child support enforcement information technology system to apply child support payments first to interest and then the arrearage. It is assumed that the agency will absorb this cost.

Since the bill applies any arrearage payments to accrued interest before lowering the arrearage amount; future calculations of total amounts owed for noncustodial parents will be higher in subsequent months than under current law. Although this higher total balance will represent an opportunity for higher child support collections, it does not necessarily have an impact on the likelihood that additional arrearages will be collected. All arrearages and interest collected on non-public assistance cases are returned to the custodial parent. For public assistance cases, all interest and arrearages are shared 50-50 between the state and federal government. There is no reliable method of estimating the potential impact on child support enforcement operations (i.e. retained collections and staff workload).

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

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None

**Date:** 1/18/11

**Document:** G:\2012 Fiscal Year\Efis\HB676.doc