



Senate

General Assembly

File No. 85

January Session, 2009

Senate Bill No. 816

Senate, March 16, 2009

The Committee on Human Services reported through SEN. DOYLE of the 9th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING CHILD SUPPORT COLLECTIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 52-362e of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2009*):

3 (a) Subject to the provisions of section 52-362h, whenever an order
4 of the Superior Court or a family support magistrate for support of a
5 child or children is issued, and, in IV-D support cases as defined in
6 subdivision (13) of subsection (b) of section 46b-231, the person against
7 whom such order was issued owes past-due support in the amount
8 specified in subsection (c) of this section, the state shall submit to the
9 Internal Revenue Service through the federal Office of Child Support
10 Enforcement the name of such person and request the withholding
11 from refunds of federal income taxes owed to such person of an
12 amount equal to the past-due support, and payment of such withheld
13 amount to the state for distribution in accordance with subsection (d)
14 of this section, after first deducting from any amount payable to the
15 guardian or custodial parent of such child a collection fee sufficient to

16 reimburse the Internal Revenue Service and the state for the cost of the
17 offset procedure.

18 (b) (1) Subject to the provisions of subsection (d) of this section,
19 whenever an order of the Superior Court or a family support
20 magistrate for support of a child or children is issued, and, in IV-D
21 support cases, the person against whom such support order is issued
22 owes past-due support in the amount specified in subsection (c) of this
23 section, the Department of Social Services shall submit to the
24 Commissioner of Administrative Services the name of such person and
25 request the withholding from refunds of state income taxes owed to
26 such person of an amount equal to the past-due support, and payment
27 of such withheld amount by the Commissioner of Revenue Services to
28 the state for distribution in accordance with subsection (d) of this
29 section.

30 (2) Whenever an order of the Superior Court or family support
31 magistrate is issued against a parent to cover the cost of health
32 insurance for a child who is eligible for Medicaid and such parent has
33 received payment from a third party for the costs of services provided
34 under such health coverage for such child but such parent has not used
35 such payments to reimburse, as appropriate, either the other parent or
36 guardian or the provider of such services, the Commissioner of Social
37 Services shall submit to the Commissioner of Administrative Services
38 the name of such person and request the withholding from refunds of
39 state income taxes owed to such person of an amount necessary to
40 reimburse the Department of Social Services for such costs under the
41 Medicaid program, and payment of such amount shall be withheld by
42 the Commissioner of Revenue Services and distributed to the
43 Department of Social Services for reimbursement. However, any
44 claims for current or past due child support shall take priority over
45 any such claims for the costs of such services.

46 (c) The amount of past-due support qualifying a IV-D support case
47 for use of the federal income tax refund withholding procedure under
48 subsection (a) of this section or the state income tax refund

49 withholding procedure under subdivision (1) of subsection (b) of this
50 section shall be: (1) One hundred fifty dollars or more in temporary
51 family assistance cases under section 17b-112; and (2) five hundred
52 dollars or more in nontemporary family assistance cases.

53 (d) Support collected pursuant to this section shall be distributed [as
54 required by Title IV-D of the Social Security Act] in accordance with
55 the provisions of 42 USC 654(34) and 42 USC 657.

56 (e) The Commissioner of Social Services shall adopt regulations, in
57 accordance with chapter 54, setting forth procedures in compliance
58 with federal law and regulations under Title IV-D of the Social Security
59 Act providing for adequate notice of (1) the right to a review by
60 Support Enforcement Services of the Superior Court, (2) the right to a
61 fair hearing before a hearing officer, (3) a list of available defenses
62 including the defense described in section 52-362h, and (4) procedures
63 for a fair hearing for any person who is alleged to owe past-due
64 support and is subject to the provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2009</i>	52-362e

HS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$
Department of Social Services	GF - Revenue Loss	Potential	Potential

Municipal Impact: None

Explanation

Currently, any child support arrearages collected by the state from income tax return intercepts on behalf of families receiving Temporary Family Assistance must first go to the state to offset the cost of these benefits. Any remaining funds then go to the family. This bill allows the state to give such funds first to the family, rather than the state. This will result in a potential loss of revenue, should the state choose to exercise this option. Any revenue loss would be dependent upon the amount diverted from the state to the families, which cannot be known at this time.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**SB 816*****AN ACT CONCERNING CHILD SUPPORT COLLECTIONS.*****SUMMARY:**

By law, the state (through an arrangement with the Internal Revenue Service) must intercept federal income tax refunds from child support obligors who owe past-due support (arrearages). The amount withheld is distributed based on a priority schedule in federal law. Until 2005, federal law required that any arrearages collected on behalf of families formerly receiving Temporary Assistance for Needy Families (TANF)-funded cash assistance (Temporary Family Assistance or TFA in Connecticut) went first to the state, with the remainder going to the custodial parent and the state. Currently, federal law allows states to choose whether to pay the family the collected arrearage first or use the pre-2005 rule. This bill explicitly allows the state to give the intercepted support first to the custodial parent, with any remainder going to the state and family. Under current law, the state has this option but has not exercised it.

EFFECTIVE DATE: October 1, 2009

FEDERAL TAX OFFSETS FOR PAST DUE SUPPORT

The law requires the state and federal government to withhold tax refunds from child support obligors who owe past-due support. This withholding (called an offset) is for obligors owing \$150 or more in cases in which the custodial parent received TFA, or \$500 or more in non-TFA cases. Currently, the amount withheld for former TFA cases is paid to the state.

Under the bill, any collected support must be distributed in accordance with two separate provisions enacted in the federal 2005 Deficit Reduction Act (DRA). One provision establishes an alternate

tax intercept distribution to the one in prior law for families that previously received cash assistance (42 USC § 657). Specifically, it requires states that choose this option to first pay to the custodial parent any excess amount (i.e., beyond what is owed for current support) necessary to satisfy support arrearages that have not been assigned to the state. (As a condition of receiving assistance, cash assistance recipients must assign to the Department of Social Services (DSS) their right to child support accruing while they receive assistance). This provision also allows states to pass through this support to families and not pay the federal government its share of the collection regardless of whether it has been assigned (the federal government subsidizes state child support enforcement programs).

The other provision requires states, in the child support enforcement state plans that they must submit to the federal government, to include whether they have elected to use the new distribution option or will continue to use the old one, which favors the state (42 USC § 654).

Current law requires that the tax offsets be distributed as required by Title IV-D of the Social Security Act. Title IV-D is a large body of federal law governing child support enforcement, and in which the two sections cited above now reside.

BACKGROUND

Title IV-D

Title IV-D of the Social Security Act contains the federal rules governing state child support enforcement programs. A IV-D support case is one in which (1) the child for whom support is sought has received assistance under the state's cash assistance (Temporary Family Assistance in Connecticut), Medicaid (HUSKY A in Connecticut), or certain other state programs or (2) the custodial parent asks the state's designated IV-D agency, which is the Bureau of Child Support Enforcement, for help to collect child support.

COMMITTEE ACTION

Human Services Committee

Joint Favorable

Yea 18 Nay 0 (02/26/2009)