

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Banking and Insurance Committee

BILL: CS/SB 1342

INTRODUCER: Banking and Insurance Committee and Senator Storms

SUBJECT: Child Support Enforcement

DATE: February 16, 2012 REVISED: 2/8/12

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Daniell	Farmer	CF	Favorable
2.	Eichin	Buford	TR	Fav/2 amendments
3.	Johnson	Burgess	BI	Fav/CS
4.			BC	
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

This bill amends Florida law relating to child support enforcement. Specifically, the bill:

- Provides that a default in support payments is not required in Title IV-D cases for the Department of Revenue (DOR) to request that payments be made through the depository;
- Provides that a driver's license of an obligor will not be suspended (and must be reinstated if already suspended) if the obligor begins paying any delinquency by income deduction;
- Makes it discretionary for the DOR to notify the Department of Highway Safety and Motor Vehicles and request suspension of a driver's license of an obligor;
- Authorizes the DOR to commence an administrative paternity proceeding based on an affidavit or written declaration provided by a caregiver that states the putative father may be the child's biological father;
- Requires that a request by a parent from whom support is being sought to discuss informally a proposed administrative support order with the DOR be made in writing within 15 days after the date of the mailing of the proposed administrative support order;
- Eliminates the requirement for the DOR to provide certain notices by registered or certified mail, requiring regular mail instead;
- Authorizes the DOR to send notices to a garnishee by secure e-mail or facsimile upon consent by the garnishee;

- Requires the Chief Financial Officer and the department to work cooperatively to establish an automated method for identifying persons who are doing business with the state and who owe overdue support so that support payments may be withheld by the state;
- Makes changes related to the use of unclaimed property for past due support; and
- Authorizes the DOR to place an administrative lien on certain claims, judgments, and property.

This bill amends the following sections of the Florida Statutes: 61.13, 61.13016, 322.058, 409.256, 409.2563, 409.25656, 409.25658, and 409.2575. This bill reenacts section 409.256(7), Florida Statutes.

II. Present Situation:

Child support enforcement is a federally funded program that has been administered by the Department of Revenue (DOR) since 1994. A “Title IV-D case” is defined as any case in which the child support enforcement agency is enforcing the child support order pursuant to Title IV-D of the Social Security Act. The DOR provides services under the federally required program in 65 counties and through contracts in two counties.¹

The DOR is responsible for some case-processing activities including opening and closing cases; collecting and maintaining case, location, and financial data; and receiving and responding to verbal and written inquiries. In 2009, 1.1 million cases were maintained by DOR. In FY 08-09, DOR had a 7.3-percent increase in new service requests and 6.6-percent increase in reopened cases.

To remain eligible for the Temporary Assistance for Needy Families (TANF) Block Grant, Florida must have a federally compliant child support program. The program must contain the following services:

- Paternity establishment;
- Support order establishment;
- Support order review and modification;
- Location of parents, employers, assets;
- Payment collection and disbursement; and
- Order enforcement.

The DOR establishes the initial child support order and modifies existing orders when a family’s circumstances change. During FY 08-09, the DOR processed \$48 million in child support collections on support orders established in that fiscal year.

Some child support orders are established by the DOR administratively. Section 409.2563, F.S., was created to provide the DOR with an alternative procedure for establishing child support obligations in Title IV-D cases in a fair and expeditious manner when there is no court order of support. Prior to beginning the administrative process, the DOR screens cases for complex circumstances and, if identified, it will proceed with those cases judicially. In order to establish a support order administratively, the DOR must provide notice to both the parent from whom

¹ Miami-Dade County cases are handled by the state attorney’s office, and Manatee County cases are handled by the clerk of court.

support is not being sought and to the parent from whom support is being sought.² After providing notice, the DOR must calculate the proposed support obligation based on the financial affidavits provided by the parties or, if the parties did not provide the required affidavits, then the department may rely on any reliable source for the information. If there is no reliable source, the DOR may calculate the proposed support obligation based on the assumption that the parent had an earning capacity equal to the federal minimum wage during the applicable period.³ The DOR must then send copies of the proposed administrative support order to both parents, along with a notice of rights to the parent from whom support is being sought. This notice of rights must inform the parent from whom support is being sought that within 10 days from the date of the mailing the parent may contact the DOR, at the address or telephone number in the notice, to discuss the proposed administrative order.⁴ If a request for an administrative hearing in response to the proposed order is not made timely, the department renders a final order that incorporates the terms of the proposed order.⁵ If the parent from whom support is being sought files a timely request for hearing or the department determines that an evidentiary hearing is appropriate, the DOR will refer the proceeding to the Division of Administrative Hearings. In 2009, the DOR established over 12,000 administrative support orders.

Child support orders are enforced by DOR, as well as the receipt and disbursement of collections. In 2009, over \$1.41 billion was collected and distributed, with 98 percent of collections distributed within 24 hours. Of all parents in the DOR caseload, fewer than 30 percent pay their full child support obligation on a monthly basis. In addition, the DOR initiated enforcement actions on 92 percent of the support collections ultimately received.

The DOR has several methods for collecting past due child support. Under s. 61.13016, F.S., the obligor is notified by the DOR or a clerk of court within 15 days of non-payment or failure to comply with a subpoena or other order, that his or her driver's license may be suspended unless such payment is made or order complied with. The notice provided to the obligor must state:

- the terms of the order creating the obligation;
- the period of the delinquency;
- the total amount of the delinquency or description of the non-compliant order; and
- that the Department of Highway Safety and Motor Vehicles (DHSMV) will be notified to suspend the license, unless the obligor:
 - pays the delinquency within 20 days;
 - enters a written agreement for payment or complies with the non-compliant order;
 - contests the delinquency action in circuit court; and
 - pays any delinquency fees⁶.

Although not provided for in statute, the DOR also allows an obligor to begin paying a delinquent support order by income deduction in order to avoid license suspension. According to the DOR, income deduction is the most reliable way to obtain child support payments.⁷ If the

² Section 409.2563(4), F.S.

³ Section 409.2563(5)(a), F.S.

⁴ Section 409.2563(5)(c), F.S.

⁵ In contested cases, there is a formal hearing before the Division of Administrative Hearings.

⁶ Section 61.13016(1)(c), F.S.

⁷ E-mail from Debbie Thomas, Dept. of Revenue, to Senate professional staff (Dec. 12, 2011) (on file with the Senate Committee on Children, Families, and Elder Affairs).

obligor fails to comply with any of these actions, 20 days after the notification is sent to the obligor, the DOR notifies the DHSMV, which is required to suspend the driver's license under s. 322.058, F.S.

If a person has a support obligation which is subject to enforcement by the DOR as the state Title IV-D program, the DOR can notify all persons who have credits or personal property, including wages, under their control that belong to the obligor that they may not transfer any of the credits or personal property, up to the amount listed in the notice, without the DOR consent.⁸ Additionally, the department shall provide notice to the Chief Financial Officer (CFO) identifying the obligor and the amount of support outstanding. The CFO must then withhold all payments to any obligor who provides commodities or services to the state, leases real property to the state, or constructs a public building or public work for the state, and the DOR may levy upon the withheld payments.⁹

Another way DOR may collect past due support is with unclaimed property. The DOR, in cooperation with the Department of Financial Services (DFS), shall identify persons owing support who are presumed to have unclaimed property held by the DFS. Before paying an obligor's approved claim for unclaimed property, the DFS must notify the DOR that the claim was approved, and the DOR shall immediately send a notice by certified mail to the obligor advising the obligor of the DOR's intent to intercept the approved claim up to the amount of the past due support.¹⁰

III. Effect of Proposed Changes:

This bill amends provisions relating to child support enforcement. Section 61.13, F.S., is amended to provide that in Title IV-D cases, the DOR does not need to allege a default in support payments, and a default is not required, in order for the DOR to request that child support payments be made through the depository. If such a request is made, the depository shall notify all parties that future payments in Title IV-D cases be made to the State Disbursement Unit.

The bill provides additional means for an obligor to avoid having his or her driver's license suspended. Specifically, if an obligor begins paying any delinquency by income deduction, the obligor's license will not be suspended (and it must be reinstated if it had already been suspended). Additionally, the bill makes it discretionary for the DOR to notify the Department of Highway Safety and Motor Vehicles to suspend a driver's license of an obligor if the delinquency is not paid in full.

Effective July 1, 2012, the bill amends s. 409.256, F.S., to authorize the DOR to commence a paternity proceeding if a caregiver states in an affidavit that the putative father is or may be the child's biological father. Under current law, the DOR may commence a proceeding only if the child's mother or a putative father states in an affidavit that the putative father is or may be the child's biological father.

⁸ Section 409.25656(1), F.S.

⁹ Section 409.25656(10), F.S.

¹⁰ Section 409.25658, F.S.

Section 409.2563(5), F.S., is amended to require that requests by a parent from whom support is being sought for an informal discussion with the DOR about the proposed administrative support order be made in writing within 15 days after the date of mailing the proposed support order.

The bill eliminates the requirement for the DOR to serve garnishment notices by registered mail, requiring instead that the DOR serve notice on garnishees and obligors by regular mail. If the garnishee provides written consent, the department may send notices to the garnishee by secure e-mail or facsimile. The bill requires the Chief Financial Officer and the DOR to work cooperatively to establish an automated method for identifying persons who are doing business with the state and who owe past due support so that the support payments may be withheld by the state.

Under current law, the DOR provides to the CFO a listing of obligors for whom warrants are outstanding. The CFO then withholds all payments to any obligor doing business with the state and the DOR may levy upon the withheld payments. The change made by this bill essentially reverses this method, so that the CFO is disclosing to the DOR a file of individuals to whom the state pays money. This change may mean that information on persons who do not owe past due child support may also be transmitted to the DOR.

The bill requires the DOR, in cooperation with the Department of Financial Services (DFS), to identify persons who owe past due support collected by the department who are presumed to have unclaimed property held by DFS. If a claim for unclaimed property is approved by the DFS, the DOR will send a notice by certified mail to the obligor at the address provided by the obligor to DFS advising the obligor of the department's intent to intercept the approved claim. The DFS must retain custody of the property until a final order has been entered and any appeals have concluded or, if the intercept is uncontested, until notified by the department. If an obligor does not request a hearing, The DOR must notify the DFS, electronically or in writing, to transfer the property to the department.

The bill authorizes the DOR to place an administrative lien for unpaid support on a motor vehicle or vessel, even if owned unencumbered by the obligor, and on claims, settlement proceeds, and judgments. The DOR must notify the obligor of the intent to place a lien by regular mail sent to the obligor's address on file with the depository. The notice must state the amount of past due support owed and inform the obligor of the right to contest the lien at an administrative hearing.

Finally, the bill reenacts s. 409.256, F.S., in order to incorporate the changes made by the bill to s. 322.058, F.S.

The bill is effective upon becoming a law, except as otherwise provided in the act.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

This bill authorizes the DOR to place an administrative lien for unpaid support on claims, settlements, and judgments, as well as a motor vehicle or vessel that is owned unencumbered by the obligor. This change in the law may have a financial impact on obligors who have certain claims, settlements, or judgments and are expecting to receive money in relation to the claim, settlement, or judgment, but also owe unpaid or delinquent support. However, these changes may result in additional funds being provided for child support.

C. Government Sector Impact:

According to the DOR, its procedures will need to be modified to implement the changes made by this bill. However, the DOR expects that any operational impact of the bill will be insignificant.¹¹

The DHSMV may incur an indeterminate reduction in reinstatement revenues (\$45 fee) collected and deposited in the General Revenue Fund (\$15) and the Highway Safety Operating Trust Fund (\$30).

VI. Technical Deficiencies:

Section 409.25658, F.S., is amended so that notice of intent to intercept an approved claim for unclaimed property is sent to the obligor by *certified* mail to the address provided by the obligor to the Department of Financial Services (see lines 316-322). According to the Department of Revenue's bill analysis, the notice of intent is meant to be mailed to the obligor by *regular* mail.¹² Other sections of the bill also eliminate the requirement for the DOR to mail notices via registered or certified mail, instead only requiring regular mail. It appears that the intent of the bill is to require notice be sent to an obligor via regular mail when the obligor's unclaimed property is to be used for past due child support. The Legislature may wish to amend line 320 of the bill to address this oversight.

¹¹ Department of Revenue, *2012 Bill Analysis, SB 1342*, January 25, 2012 (on file with the Senate Committee on Banking and Insurance).

¹² *Id.* at 4.

VII. Related Issues:

None.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Banking and Insurance Committee on February 16, 2012:
Provides technical, conforming changes.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
