

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3193-01  
Bill No.: SB 573  
Subject: Banks and Financial Institutions; Children and Minors; Credit and Bankruptcy;  
 Family Law; Liens  
Type: Original  
Date: January 18, 2006

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General	(\$38,250)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$38,250)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
Federal*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Income and costs of \$74,250 in FY 07 would net to \$0.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Office of State Courts Administrator**, the **Department of Economic Development–Division of Workforce Development**, the **Department of Economic Development–Division of Finance**, the **Department of Economic Development–Division of Credit Unions**, and the **Department of Revenue** assume this proposal would not fiscally impact their agencies.

Officials from the **Department of Social Services - Family Support Division (FSD)** state the proposal would require financial institutions to place a hold on the noncustodial parent's account if (s)he is 15 days in arrears of child support. FSD assumes that it will determine whether the noncustodial parent is 15 days in arrears and notify the financial institution of this status as part of the lien process. Therefore, FSD would be required to revise its current policy and its lien form. In addition, FSD would also need to initiate changes to and program its automated system to make this arrearage determination.

Currently, FSD reports to consumer reporting agencies those noncustodial parents who owe \$1,000 or more in past-due support. The proposal would require that FSD initiate changes to program its automated system to instead report noncustodial parents when they are 15 days

ASSUMPTION (continued)

delinquent in the payment of support. FSD states it would also be required to amend state regulation 13 CSR 30-6.010 to reconcile the current arrearage threshold with the proposed legislation. In addition, FSD would also need to revise its current policy and its notice that is used to inform noncustodial parents of the division's intent to report their debts to consumer reporting agencies.

FSD states the proposal would also require FSD to automatically file a lien on the noncustodial parent's real estate when the noncustodial parent is 15 days in arrears. The current statute requires no specific arrearage threshold. However, current agency policy recommends a \$500 arrearage threshold before filing a lien on real property. Therefore, the proposal would require FSD to change its policy to require the filing of a lien on the noncustodial parent's real estate when (s)he is 15 days in arrears. FSD would be required to initiate changes to program its automated system to make this arrearage determination and to automatically generate a lien when this arrearage threshold is met.

FSD estimates that it will take one program development specialist 320 hours to develop the business requirements for the automated system, to adequately test the system changes, to make the necessary policy procedural revisions and to complete the necessary regulatory change. FSD states due to the small amount of hours, FSD will absorb the personal service costs and plans to use existing policy development staff in making the necessary policy changes. In addition to the personnel costs, the Department of Social Services–Information Technology Services Division (ITSD) estimates approximately 1,500 programmer hours at the rate of \$75 per hour would be required costs to implement the proposed changes to the automated system.

Programming Costs: 1,500 x \$75.00 = \$112,500.00

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
<b>GENERAL REVENUE</b>			
<u>Costs - Department of Social Services</u>			
Programming costs	<u>(\$38,250)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$38,250)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**FEDERAL**

Income - Department of Social Services -  
 Family Support Division

Program reimbursements	\$74,250	\$0	\$0
------------------------	----------	-----	-----

Costs - Department of Social Services -  
 Family Support Division

Programming costs	( <u>\$74,250</u> )	<u>\$0</u>	<u>0</u> )
-------------------	---------------------	------------	------------

**ESTIMATED NET EFFECT ON  
 FEDERAL**

<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
-------------------	-------------------	-------------------

FISCAL IMPACT - Local Government

FY 2007 (10 Mo.)	FY 2008	FY 2009
---------------------	---------	---------

<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
-------------------	-------------------	-------------------

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal modifies various provisions relating to delinquent child support payments. Financial institutions shall place a hold on the bank accounts of any non-custodial parent who is more than fifteen days in arrears in child support payments. The hold on their account shall also prevent the non-custodial parent from purchasing real or personal property and from starting a business (Section 454.507).

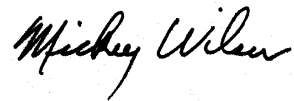
The Division of Child Support Enforcement shall report the name of any non-custodial parent who is more than fifteen days in arrears in child support payments to consumer reporting agencies (Section 454.512).

If a non-custodial parent is more than fifteen days in arrears in child support payments, a lien shall be automatically filed on their real estate (Section 454.515).

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services  
Office of State Courts Administrator  
Department of Economic Development—  
Division of Workforce Development  
Division of Finance  
Division of Credit Unions  
Department of Revenue



Mickey Wilson, CPA  
Director  
January 18, 2006