



Legislative
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Nonpartisan Services for Colorado's Legislature

HB 19-1215

**FINAL
FISCAL NOTE**

Drafting Number: LLS 19-0916
Prime Sponsors: Rep. Singer
Sen. Crowder

Date: June 28, 2019
Bill Status: Signed into Law
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Bill Topic: CHILD SUPPORT COMMISSION RECOMMENDATIONS

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government (*minimal*)
- Statutory Public Entity

The bill makes changes to income determination and payment guidelines for calculating child support payments; allows the state child support agency to issue a notice of administrative lien and levy to any financial institution; and requires the Colorado Child Support Commission to meet every four years to update policies. The bill will increase state revenue and expenditures and local workload on an ongoing basis.

Appropriation Summary: In FY 2019-20, the bill requires an appropriation of \$143,650 to the Department of Human Services.

Fiscal Note Status: This fiscal note reflects the enacted bill.

**Table 1
State Fiscal Impacts Under HB 19-1215**

		FY 2019-20	FY 2020-21
Revenue	Cash Funds	\$143,650	\$143,650
Expenditure	Cash Funds	\$143,650	\$143,650
Transfer		-	-
TABOR Refund		-	-

Summary of Legislation

This bill makes changes to income determination and payment guidelines for calculating child support payments; allows the state's child support agency to issue a notice of administrative lien and levy to any financial institution; and requires the Colorado Child Support Commission to meet every four years to update policies, as discussed below.

Child support calculation. This bill makes several changes to how child support payments are calculated, including:

- changing the income determination for a non-custodial parent who is voluntarily unemployed or underemployed and removing the requirement that child support orders be based on the current minimum wage if there is an absence of reliable information;
- reducing the number of months after birth that the custodial parent has before having his or her income imputed from 30 months to 24 months;
- modifying the exemption from potential income for incarcerated parents to 180 days down from 365 days;
- creating a new \$10 minimum child support order amount when an obligor's income is under \$650;
- creating new child support orders for obligors with incomes between \$650 to \$1,500;
- adjusting child support order amounts for parents with a combined, adjusted gross income of up to \$3,450; and
- clarifying that public school mandatory school fees must be divided between parents in proportion to their adjusted gross income.

In addition, the bill requires the non-custodial parent to notify the custodial party if they receive disability insurance under the federal Old-Age, Survivors, and Disability Insurance Act or receive employer-paid retirement benefits from the federal government. Within 60 days of receiving notice, the custodial parent must then apply for dependent benefits for the child.

Financial liens. The bill also allows the Division of Child Support Services in the Department of Human Services (DHS) to issue a notice of administrative lien and levy to any financial institution holding an obligor's account when an obligor is past due on child support obligations. The notice to the financial institution may be served by first class mail or by electronic means if mutually agreed upon, and a copy must be provided to the obligor. These requirements apply to all past due child support obligations regardless of when the order was entered.

Child support fee and Child Support Deficit Reduction Act Fee Cash Fund. The bill increases the annual fee for child support payments from \$25 to \$35. The bill also creates the Child Support Deficit Reduction Act (DRA) Fee Cash Fund to retain the state share of the annual child support fee.

Child Support Commission. Finally, the bill requires the Colorado Child Support Commission to review child support guidelines at least every four years, and to submit a report to the Governor and the General Assembly explaining their recommendations.

State Revenue

Starting in FY 2019-20, state cash fund revenue in the DHS will increase by \$143,650 per year from increasing the fee on child support payments by \$10. Under federal law, the state retains 34 percent of the child support payment fee with the remaining 66 percent going to the federal government. The fiscal note assumes that the state DHS will keep \$3.40 (34%) of the \$10 increase in the fee under the bill.

Fee impact on child support obligator. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are outlined in the bill. Table 2 below identifies the annual fee impact of this bill for FY 2019-20 and future years.

Table 2
Fee Impact on Child Support Obligators

Type of Fee	Fee Increase	Number Affected	Total Fee Impact
Annual Child Support Fee	\$10	42,250	\$422,500
		Total	\$422,500
		<i>State share (34%)</i>	<i>\$143,650</i>
		<i>Federal share (66%)</i>	<i>\$278,850</i>

State Expenditures

In FY 2019-20 only, this bill will increase cash fund state expenditures in the DHS by \$143,650 as shown in Table 2 and discussed below. In addition, starting in FY 2019-20, workload will increase to the Judicial Department and the Department of Corrections (DOC), as described below.

Department of Human Services. Cash fund expenditures in the DHS will increase by \$143,650 due to the increase in revenue to the Child Support DRA Fee Cash Fund. Money in the cash fund is anticipated to be used to cover unfunded child support disbursements. Workload in the DHS will also increase to issue notices of administrative lien and levy to any financial institution. It is assumed that this workload can be accomplished within existing appropriations.

Judicial Department. Costs and workload in the Judicial Department will increase to update software to calculate child support and, to the extent there are more court filings, to hold more hearings. It is assumed that this increase can be accomplished within existing appropriations.

Department of Corrections. Workload will increase in the DOC to update the policies of the Inmate Bank in the department. It is assumed this workload can be handled within existing appropriation.

Local Government

Starting in FY 2019-20, workload will increase for county departments of human services to attend training on child support guideline changes and to update internal policies. Overall, the bill will have a minimal impact to the operations of county child support offices.

Effective Date

This bill was signed into law by the Governor on May 23, 2019, and takes effect August 2, 2019, assuming no referendum petition is filed.

State Appropriations

For FY 2019-20, the bill requires and includes a cash fund appropriation of \$143,650 to the Department of Human Services from the Child Support DRA Fee Cash Fund.

State and Local Government Contacts

Corrections
Information Technology

Counties
Judicial

Human Services
Sheriffs