

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2288

2005 SENATE HUMAN SERVICES

SB 2288

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2288

Senate Human Services

Conference Committee

Hearing Date January 24, 2005

Tape Number	Side A	Side B	Meter #
1	X		4,225-5836
Committee Clerk Signature <i>Cathy Munn</i>			

Minutes:

Chairman Lee opened the hearing on SB 2288. All Senators were present.

Senator Tom Fischer introduced the bill, which relates to transfers of funds for payment of child support. This bill allows people to have automatic withdrawal of child support from their checking accounts and not having the employer involved. There are some issues that I would leave to the committee's discretion, such as if the account does not have enough funds to cover the child support payment.

James Fleming, Deputy Director and General Counsel of the State Child Support

Enforcement Division of the Department of Human Services appeared in support of the bill.

See written testimony.

Chairman Lee- Do all banks have electronic withholding capabilities, such as the banks in small towns?

Jim- I'm not certain about that.

Senator Dever- If an employer is late in paying, are they penalized along with the employee?

Jim- There were a number of penalties that were enacted last session for employer penalties that don't withhold the money. You need to look at income withholding as a service to the employee. The employee doesn't avoid the duty of having to pay child support by pushing it off on the employer, by saying that with the income withholding order they don't have to worry about their obligation. There are penalties in place for employers that can be invoked by the employee, the family, and the child support office.

Senator Dever- If the employer does not want to deal with the withholding, can they require that their employees participate in it?

Jim- No, they cannot.

There was no testimony in opposition or neutral testimony to the bill. The hearing on SB 2288 was closed.

Action taken:

Senator Brown moved a Do Pass recommendation for SB 2288. Seconded by Senator Lyson. The bill passed unanimously, 5-0. Senator Brown is the carrier of the bill.

FISCAL NOTE
Requested by Legislative Council
01/19/2005

Bill/Resolution No.: SB 2288

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill allows for a child support obligor to avoid income withholding by entering into an arrangement with CSE to pay child support on their own instead of through an income withholding order. The bill also provides that income withholding is automatically re-activated if the obligor misses a child support payment. The bill is anticipated to result in an undeterminable operational savings at the State Disbursement Unit due to an anticipated increase in the volume of electronic payments received and a corresponding decrease in the receipt of payments made by check.

The fiscal impact of this bill is estimated to be less than \$5,000.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Brenda M. Weisz	Agency:	DHS
Phone Number:	328-2397	Date Prepared:	01/21/2005

Date: 1-24-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2288

Senate Human Services Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Brown Seconded By Lyson

Senators	Yes	No	Senators	Yes	No
Sen. Judy Lee - Chairman	✓		Sen. John Warner	✓	
Sen. Dick Dever - Vice Chairman	✓				
Sen. Richard Brown	✓				
Sen. Stanley Lyson	✓				

Total (Yes) 5 No 0

Absent 0

Floor Assignment Sen. Brown

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
January 25, 2005 5:04 p.m.

Module No: SR-16-1045
Carrier: Brown
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2288: Human Services Committee (Sen. J. Lee, Chairman) recommends DO PASS
(5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2288 was placed on the
Eleventh order on the calendar.

2005 HOUSE HUMAN SERVICES

SB 2288

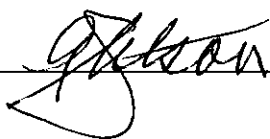
2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2288

House Human Services Committee

Conference Committee

Hearing Date March 16, 2005

Tape Number	Side A	Side B	Meter #
1	x		18-839
Committee Clerk Signature 			

Minutes:

Chairman Price opened the hearing on SB 2288.

Senator Tom Fischer, District 46, appeared in support of SB 2288.

I am introducing and asking for your support on this bill. This bill is in regards to income withholding under automatic withdrawal.. Mr. Fleming is here to explain the in's and out's of this bill.

Chairman Price: Is there any questions for Sen. Fischer?

Rep. Devlin: As I recall the early thought on this, was strictly voluntary to have pay support out of the checking account and now we are talking about court ordered?

Sen. Fischer: That was in the original bill. I will leave it to your committee's wisdom as to whether or not you want to leave that in or not. I am not sure how often that would be used. The original intent was to make it easier for a person to pay child support. There may be some need to use it in regards to self employed individuals.

Jim Fleming, Deputy Director and General Counsel, State Child Support Enf. Division.

With me today is Paulette Oberst, the policy administrator and the state's newest employee, Eric Hetland, previous served in the Army, graduated from law school. Some people say that they feel they have been in the legislative session half of their career. In Eric's case, he has..he has been here for an hour and 15 minutes as he started work at 8 AM.

See attached testimony.

Chairman Price: Without the second piece, someone is self employed or does not want their employer to know, and want to do the electronic withdrawal. How would they do it without the second section?

J. Fleming: As a technical matter, a self employed person is still subject to income withholding, and without an employer, it doesn't happen. They would be equally allowed to voluntarily enroll.

Chairman Price: What about the person that doesn't want their employer to know, would it take longer if the court can't order at the time of the divorce decree, to say I want to do the automatic withdrawal vs the income withholding?

J. Fleming: It shouldn't take longer, when the obligor signs an agreement with us, it should kick in and we would not answer the order.

Chairman Price: Any other questions? Anyone else to testify in favor? Opposition?

Close the hearing on SB 2288.

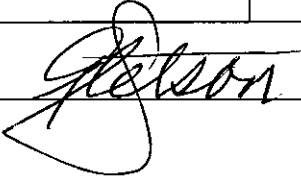
2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2288

House Human Services Committee

Conference Committee

Hearing Date March 16, 2005

Tape Number	Side A	Side B	Meter #
2	x		427- 799
Committee Clerk Signature 			

Minutes:

Chairman Price opened discussion on SB 2288.

Rep. Porter: You don't know how long I have been waiting for this bill. I move a Do Pass..

Rep. Uglem: Second

Rep. Devlin: Section 2 was new from the original intent of the bill, as it was explained. If a person is in contempt for non payment. They certainly aren't going to leave any money in the bank for anyone to go after.

Vote: 11-0-1

Rep. Potter: Carrier

Date: 3/15/05

Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL
BILL/RESOLUTION NO. SB 2238

House Human Services Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Porter Seconded By Rep. Uglem

Representatives	Yes	No	Representatives	Yes	No
Chairman C.S. Price	\		Rep.L. Kaldor	\	
V Chrm. G. Kreidt	\		Rep.L. Potter	\	
Rep. V. Pietsch	\		Rep.S. Sandvig	AB	
Rep. J.O. Nelson	\				
Rep. W.R. Devlin	\				
Rep. T. Porter	\				
Rep. G. Uglem	\				
Rep. C. Damschen	\				
Rep. R. Weisz	\				

Total Yes 11 No 0

Absent 1

Floor Assignment Rep. Potter

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 16, 2005 9:16 p.m.

Module No: HR-48-5205
Carrier: Potter
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2288: Human Services Committee (Rep. Price, Chairman) recommends DO PASS
(11 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2288 was placed on the
Fourteenth order on the calendar.

2005 TESTIMONY

SB 2288

TESTIMONY
SENATE BILL 2288 – DEPARTMENT OF HUMAN SERVICES
SENATE HUMAN SERVICES COMMITTEE
JUDY LEE, CHAIRMAN
JANUARY 24, 2005

Same to
House

Chairman Lee, members of the Senate Human Services Committee, I am James Fleming, Deputy Director and General Counsel of the State Child Support Enforcement Division of the Department of Human Services. I am here to ask for your favorable consideration of Senate Bill 2288.

As the committee knows, income withholding is our most effective tool for collecting child support. However, many obligors would like to pay child support on their own rather than have their wages withheld by their employer. Federal and state law limit what we can do to accommodate these obligors. Currently, the only way an obligor can avoid income withholding, even when there is no arrearage, is to obtain a court order finding that "good cause" exists not to require immediate income withholding.

Since the last legislative session, the federal Office of Child Support Enforcement has interpreted federal law to allow a "good cause" finding to be made by a child support enforcement agency as well as a court. This interpretation opens the door for our program to enter into agreements allowing obligors to pay child support on their own instead of through income withholding. This new payment option will also alleviate some of the burden to employers of complying with income withholding orders. An employer would not even need to know about the obligor's child support obligation. The families who receive child support are protected under the bill because if the obligor misses a payment, immediate income withholding is automatically re-activated.

We have worked for years to remove the stigma that income withholding is only used for obligors who refuse to pay child support on their own, and there is a risk that good-paying obligors will take advantage of this new payment option and

income withholding will be used only for those with less-than-perfect payment histories. However, at this time, we believe the potential convenience to obligors and employers outweighs the risk.

The bill as written has minimal fiscal impact on our program. We hope to update our computer system in the course of normal operations to accept electronic payments from obligors. To avoid income withholding under federal law, the child support enforcement program needs to find that the alternate payment arrangement, rather than income withholding, serves the best interests of the child. To support this finding, we intend, as a general rule, to use this new payment option only when an obligor authorizes an electronic withdrawal of funds from a bank account or credit card. The additional speed and reliability of these electronic transactions will serve the best interests of the child and meet the federal requirement.

The second section of the bill also takes advantage of the speed and reliability of electronic payments by authorizing a court to order an obligor to identify an existing bank account, or establish a new account, from which child support can be automatically withdrawn. This option would be used when an obligor is not willing to enter into an alternate payment arrangement and sufficient amounts of child support are not being collected through income withholding.

The bill includes an emergency clause so obligors and employers can benefit from the convenience of this payment process as soon as we are able to start negotiating withdrawal agreements and electronically withdraw funds from obligors' bank accounts or credit cards.

In conclusion, this bill is a win-win for obligors and employers with no adverse affect on families and we ask for a "do pass" recommendation.

I would be happy to answer any questions the committee may have.