

CS FOR HOUSE BILL NO. 428(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 3/30/00

Referred: Rules

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to interest on child support overpayments that are disbursed to**
2 **the obligor."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 25.27.062(l) is amended to read:

5 (l) Unless modified or terminated by the agency or the court, an order to
6 withhold income under this chapter remains in effect, except as provided in (k) of this
7 section, until the support order is satisfied. The agency or court may not terminate or
8 modify an income withholding order solely on the ground that the obligor has paid all
9 arrearages. Upon satisfaction of a support order, if the order is

10 (1) being enforced by the agency, the agency shall, within 15 working
11 days, notify all persons served by the agency with the income withholding order that
12 withholding is no longer required; if the agency receives money from an obligor under
13 an income withholding order after the underlying support order has been satisfied and
14 the agency was enforcing the support order at the time it became satisfied, the agency

1 shall immediately return the overpayment to the obligor; if the agency fails to return
2 an overpayment as required under this paragraph, the state is liable to the obligor for
3 the amount of the overpayment, plus interest at the rate **of six percent a year**
4 [IMPOSED UNDER AS 43.05.225], and a person to whom the agency erroneously
5 disbursed the overpayment is liable to the state for the amount disbursed, plus interest
6 at the rate **of six percent a year** [IMPOSED UNDER AS 43.05.225];

7 (2) not being enforced by the agency, the obligor shall file a motion
8 in court requesting termination of the withholding order and serve the motion on the
9 obligee; the court shall enter an order terminating the withholding order if the court
10 determines that the support order has been satisfied; the obligor may deliver a copy
11 of the termination order to persons who were served with the income withholding
12 order; when a termination order is entered, the obligee shall, upon request of the
13 obligor, notify the obligor of all persons who have been served with the income
14 withholding order by the obligee.

15 * **Sec. 2.** AS 25.27 is amended by adding a new section to read:

16 **Sec. 25.27.320. Interest on agency return of certain overpayments.** (a) If
17 the agency disburses money to an obligor because the agency made an error and
18 mistakenly required the obligor to overpay under a support order enforced by the
19 agency, the agency shall include interest with the disbursement at the rate of six
20 percent a year. The interest accrues from the date the payment at issue was received
21 by the agency, regardless of when the payment is determined to be an overpayment.

22 (b) The provisions of (a) of this section do not apply to situations where the
23 agency is ordered by a court to return money to an obligor based on the obligor's being
24 the prevailing party in a court action.

25 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section
26 to read:

27 **APPLICABILITY.** This Act applies to disbursements to an obligor on or after the
28 effective date of this Act.