

**SB**

**306**



# SENATOR DAVE DONLEY

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ALASKA STATE LEGISLATURE

## Sponsor Statement for CS Senate Bill 306 "Tax Deductions for Custodial Parents"

CS Senate Bill 306 would prohibit courts from unconditionally granting non-custodial parents a tax exemption for their child in a divorce, legal separation, dissolution, or annulment. This prevents a parent who is in arrears of child support from unfairly claiming an exemption for a child they are not supporting. Currently many custodial parents are being unfairly denied legitimate tax deductions because of a prior agreement in the child support order. Presently, federal law automatically grants the exemption to the custodial parent, which is determined by the actual amount of time that the parent has custody of the child.

This legislation does allow for the court to conditionally grant a tax exemption to the non-custodial parent for a tax year if the non-custodial parent is in compliance with federal law and also not in arrears of more than four months of their support payments or payment schedule of support payments. Four months is an existing standard for revocation of licenses used by the State Board of Licensing and is defined in AS 25.27.244q(6).

This legislation also requires the Child Support Enforcement Agency provide the payee with a document certifying that the payer was indeed in arrears under AS 25.27.244q(6).

This legislation only applies to future support orders and cannot be retroactive.

DD/ljh

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*MEMBER:* Senate Finance Committee • Legislative Budget & Audit Committee  
• Senate Community & Regional Affairs Committee

Produced in House

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Tax Exemptions in Child Support Cases BRU: Child Support Enforcement Division  
 Component: Child Support Enforcement Division  
 Sponsor: Senator Donley  
 Requestor: (S) HES COMPONENT SERIAL NO. 111

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES	12.2	12.2	12.2	12.2	12.2	12.2
TRAVEL						
CONTRACTUAL	7.2	7.2	7.2	7.2	7.2	7.2
SUPPLIES						
EQUIPMENT	6.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>25.4</b>	<b>19.4</b>	<b>19.4</b>	<b>19.4</b>	<b>19.4</b>	<b>19.4</b>
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ( )						

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts	16.8	12.8	12.8	12.8	12.8	12.8
1003 GF Match						
1004 GF	8.6	6.6	6.6	6.6	6.6	6.6
1001 CBRF						
1048 University of AK receipts						
Other						
<b>TOTAL</b>	<b>25.4</b>	<b>19.4</b>	<b>19.4</b>	<b>19.4</b>	<b>19.4</b>	<b>19.4</b>

Estimate of any current year cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME	1.0	1.0	1.0	1.0	1.0	1.0
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Senate Bill 306 would amend AS 25.27. The amendment would mandate that the Child Support Enforcement Division (CSED) certify, in writing, whether the case obligor is in arrears more than four times the monthly obligation, regardless of whether or not a payment schedule has been established. The information must be available to the custodial parent within 30 days of submitting a written request to obtain it. Rule 90.3, Alaska Rules of Civil Procedure would then be amended to entitle the custodial parent to claim the child(ren) as dependents for federal tax purposes (assuming they are entitled to do so under federal law and assuming accumulated arrearages in excess of four months.)

Prepared by: Barbara Mikos, Director  
 Division: Child Support Enforcement Division  
 Approved by Commissioner: Wilson L. Condon  
 Agency: Revenue

Phone: 269-6800  
 Date: February 20, 1998  
 Date: February 20, 1998

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**ALASKA STATE LEGISLATURE**

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for CS Senate Bill 306  
"Tax Deductions for Custodial Parents"**

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