

HB

428

FISCAL NOTE

B. /ersion: CSHB 428 (FIN)

(H) Publish Date: 3/30/00

STATE OF ALASKA
2000 LEGISLATIVE SESSION

Revision Date: _____
Title: Interest on Child Support Overpayments
Sponsor: House Finance Committee
Requester: _____

Dept. Affected Revenue
BRU Child Support Enforcement Div.
Component Child Support Enforcement Div.

Component Serial No. 111

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY00) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

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Date 3/29/00

COMMITTEE COPY

Alaska State Legislature

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CSHB 428(FIN)

Sponsor: Representative Gene Therriault

Sponsor Statement

CSHB428(FIN) requires the Child Support Enforcement Division to pay interest on the return of overpayments of child support when the overpayment is due to a mistake made by the agency. The agency would be required to pay obligors six percent, the same amount of interest the agency can charge on child support arrearages set out in AS 25.27.025, imposed under AS 25.27.020(a)(2)(B). The requirement to pay interest on returns of overpayment is not a new precedent; AS 43.05.280 imposes a similar requirement on the Department of Revenue when refunding or crediting an overpayment of tax.

CSHB 428(FIN) also changes the amount of interest the Division of Child Support Enforcement must pay under 25.27.062(l)(1) when it is delinquent returning overpayments that have been withheld by an employer after the support order has been satisfied. Under current law, the rate of interest is set out in AS 43.05.225 at "five percentage points above the annual rate charged member banks for advances by the 12th Federal Reserve District as of the first day of that calendar quarter, or at the annual rate of 11 percent, whichever is greater, compounded quarterly as of the last day of that quarter." CSHB 428(FIN) changes the rate to a consistent six percent.

CSHB 428(FIN) is in response to an inequity in the child support collection system that allows the agency to charge interest when an obligor is late paying support, but does not require the agency to pay interest when returning overpayments that are the direct result of a mistake made by the agency. This bill would provide incentive to the agency to be more careful when calculating support and more prompt about returning overpayments. This bill carries no fiscal note as the agency would be expected to absorb the cost of paying the interest out of its annual budget.