

FACT SHEET - SB12-042
Sen. Spence/Rep. Summers
House Judiciary Committee

Short Title: Child Support Requirements and Federal Law

Bill Summary: To comply with federal law, this bill requires Colorado and financial institutions to cooperate with other states in matching account information to identify accountholders who are past-due on their child support.

- ✓ Colorado's financial institutions already do this on an intra-state basis.
- ✓ Financial Institution data-matching kicks in only when other remedies have failed and when a person is at least three months past-due on their child support payments.
- ✓ The Independent Bankers of Colorado, the Colorado Bankers Association and the Mountain West Credit Union Association participated with the Department of Human Services in drafting this bill.

The bill has two parts:

State-to-State Asset Sharing: Section 1 requires Colorado and entities in the state, when requested by another state, to share information on accountholders who are past-due on their child support payments. Most entities are financial institutions. Also requires the Department of Human Services - the single state agency designated to administer the child support program - to assist in seizing only the amount of money owed through levy or other appropriate processes.

If a child in Wyoming is owed back child support from a parent in Colorado, Wyoming can request assistance from Colorado in obtaining the overdue amount. By the same token, Colorado could request assistance from Utah to obtain assets for children in this state. An estimated \$2 million per year could be collected for Colorado children once the system is fully in place.

In-state Data Match: The majority of financial institutions currently do in-state data matches. Section 2 of the bill clarifies statute to show that all financial institutions in Colorado are required to match certain information quarterly of accountholders who owe past-due child support. It clarifies the legal authority for financial institutions to provide specific data elements.

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Purpose:

- Comply with federal requirements (effective January 2011)
- Improve the well-being of children
- Clarify state statute and create consistency across Colorado's financial institutions.

Background: The federal Social Security Act – Title IV-D – requires all states to have in effect laws and procedures for enforcing child support.

- Recent revisions to the Code of Federal Regulations require states to cooperate with requests from other states
- Counties are responsible for enforcing the child support orders. They have procedures for collecting child support payments. They have discretion as to what remedies to use based on the case status and the circumstances of the person owing the back child support.
- In 2011, the state sent 16,183 liens to financial institutions. It received 81 requests for exceptions or exemptions and granted 75.

Fiscal Note: None