

February 8, 2017

The Honorable Troy Waymaster, Chairperson  
House Committee on Appropriations  
Statehouse, Room 111-N  
Topeka, Kansas 66612

Dear Representative Waymaster:

**SUBJECT:** Fiscal Note for HB 2068 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2068 is respectfully submitted to your committee.

For individuals who owe child support arrearages or who are 15 days delinquent in making a payment and have an active warrant or subpoena regarding the delinquency, HB 2068 would require the Kansas Department of Revenue (KDOR) to suspend, not issue, or not renew their driver's licenses. The bill would also require KDOR to limit vehicle registrations and registration renewals for individuals meeting the same criteria. The bill would require the Kansas Department of Wildlife, Parks and Tourism to not issue or suspend the hunting and/or fishing licenses and to limit vessel registrations and registration renewals of individuals meeting the same criteria. The Secretary for Children and Families or the court trustee could notify these agencies to release the suspension or denial of renewal if the arrearage has been satisfied, an income with-holding order (IWO) has been issued or an agreement has been made, or the individual has complied with any warrants and subpoenas.

HB 2068 would also require the court to send notification to professional licensing agencies when a debtor owes past due child support in an amount equal to or greater than six months' child support or \$10,000. The bill would also require professional licensing agencies to suspend a professional license, after a 30-day notice, when the licensee is in contempt of court in a child support proceeding. The professional license could be reinstated only if the licensee furnishes a release indicating that the licensee has paid any owed child support payments in full. Finally, the bill would increase the interest charged on child support arrearages from 10.0 percent to 15.0 percent on and after July 1, 2017.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	--	--
Expenditure	\$4,203,517	\$20,147,517	\$5,886,097	\$20,106,097
FTE Pos.	--	2.00	--	2.00

The Department for Children and Families (DCF) indicates that HB 2068 would have initial and ongoing costs based on the number of cases that would match and the match process. The bill would require numerous IT software enhancements. DCF estimates total one-time development costs of \$40.0 million for four IT projects which are estimated to take two years. Beginning in FY 2020, ongoing annual costs are estimated at \$800,000. The first IT project would be to receive and store both Court Trustee and Child Support Services (CSS) information on cases to match with both driver’s license suspension/non-renewal and restriction and for denying vehicle, RV, and boat registrations, as well as professional licenses. Development costs are estimated at \$600,000 each year in FY 2018 and FY 2019 and ongoing annual costs of \$300,000 beginning in FY 2020. This project would be financed from the State General Fund since federal funds cannot be used for non IV-D/Court Trustee duties. The second IT project would be to change the way driver’s license sanctions are processed with KDOR. The third IT project would be to get title, lien, and registration information from the KDOR to determine vehicle ownership. The final IT project with KDOR would be to change its system to flag those persons obtaining driver’s licenses to ensure they are not issued a license or they are revoked, and then are reinstated when obligations have been met. These three KDOR IT projects are estimated to cost \$1.5 million for development costs in both FY 2018 and FY 2019 and then ongoing costs of \$400,000 per year beginning in FY 2020. The funding mix for these three projects would be 34.0 percent from the State General Fund and 66.0 percent federal child support enforcement funding.

The Department of Wildlife, Parks and Tourism would need an IT project to provide boat registration information to CSS and Court Trustees and to match with DCF and provide a way to block registration or renewal, and then reinstatement. Development costs for DCF are estimated at \$400,000 in both FY 2018 and FY 2019 to modify the current match and provide a new one for registrations. Ongoing costs are estimated at \$100,000 annually beginning in FY 2020. The funding mix for this project would be 34.0 percent from the State General Fund and 66.0 percent federal child support enforcement funding.

This bill would also allow for charging interest on outstanding balances. Interest rates vary by year and by order resulting in the need for a complex system. The current system cannot be modified to do this and a new system would be needed. DCF is already in the process of performing a feasibility study to replace the current CSS system. The cost for the new CSS system is estimated at \$35.0 million, including \$7.3 million from the State General Fund, \$13.4 million in federal incentive funds, and 14.3 million in federal child support enforcement funding.

DCF earns federal incentive funds each year based on performance. These funds are included in the estimate to bring the state funding requirement down. It is estimated that the earliest that required changes could be made to effectively administer changes in HB 2068 would be July 1, 2019.

DCF estimates that HB 2068 could increase child support collections between \$500,000 and \$1.0 million each year beginning in FY 2020. All of these additional revenues would be passed on to the custodial parents.

KDOR states that it would need 2.00 additional FTE positions in its Titles and Registration Bureau to manage the suspensions and reinstatements and would require systems changes in addition to the projects estimated by DCF. Salary and other operating expenditures for the additional FTE positions are estimated at \$106,097 per year and one-time design, development, and testing costs for systems changes are estimated at \$41,420. Therefore, the fiscal effect of HB 2068 would be \$147,517 from the State General Fund in FY 2018 and \$106,097 from the State General Fund in each subsequent year.

The Office of Judicial Administrations states that the fiscal effect of HB 2068 on the Judicial Branch would be negligible. Any fiscal effect associated with HB 2068 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,  
Director of the Budget

cc: Jackie Aubert, Children & Families  
Jack Smith, Department of Revenue  
Ashley Michaelis, Judiciary  
Chris Tymeson, Wildlife, Parks & Tourism