

BILL ANALYSIS

Senate Research Center
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S.B. 1777
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Jurisprudence
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Legislative Budget Board and the Office of the Attorney General, which administers the state's child support program, recommend a move to electronic funds transfers for payment of child support obligations.

As proposed, S.B. 1777 includes direct deposit among the methods by which the Title IV-D agency (the Office of the Attorney General) may distribute child support payments. The bill sets forth the responsibilities of the obligee regarding the obligee's ability to receive electronic funds transfers to the obligee's bank account and provides that money collected as child support and held for disbursement for more than three years is not considered unclaimed property. The bill also authorizes the Title IV-D agency to issue debit cards.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 234.010, Family Code, as follows:

Sec. 234.010. New heading: DIRECT DEPOSIT AND ELECTRONIC BENEFITS TRANSFER OF CHILD SUPPORT PAYMENTS. (a) Authorizes the state disbursement unit authorized under this chapter to make a direct deposit of, rather than transmit, a child support payment to an obligee by electronic funds transfer into an account with a financial institution maintained by the obligee, rather than if the obligee maintains an account with a financial institution. Provides that it is the responsibility of the obligee to notify the state disbursement unit of the existence of an account, the appropriate routing information for direct deposit by electronic funds transfer into an account, and any modification to account information previously provided to the state disbursement unit, including information that an account has been closed.

(b) Requires the state disbursement unit, except as provided by Subsection (d), to deposit a child support payment by electronic funds transfer into a debit card account established for the obligee by the Title IV-D agency if the obligee does not maintain an account with a financial institution; fails to notify the state disbursement unit of the existence of an account maintained with a financial institution; or closes an account maintained with a financial institution previously used to accept direct deposit of a child support payment, without establishing a new account and notifying the state disbursement unit of the new account in accordance with Subsection (a). Deletes existing text authorizing the work group convened under this subchapter to develop a plan to assist an obligee who does not have an account with a financial institution to obtain an account.

(c) Requires the Title IV-D agency to issue a debit card to each obligee for whom a debit card account is established under Subsection (b) and to provide the obligee with instructions for activating and using the debit card. Deletes existing text authorizing the work group whether it is feasible and cost-effective for the state to administer an electronic benefits transfer system for child support obligees and to recommend implementation of such a system to the Title IV-D agency.

(d) Authorizes an obligee to decline to receive child support payments through direct deposit into a debit card account and request that payments be provided by paper warrants. Deletes existing text authorizing the Title IV-D agency or the vendor selected by the Title IV-D agency to operate the state disbursement unit, after receiving any recommendations by the work group under Subsection (c), to provide for electronic benefits transfer, if the request for proposals issued by the Title IV-D agency and any contract resulting from the selection of a vendor to provide the services specified in the request for proposals provides for electronic benefits transfer.

(e) Provides that a child support payment disbursed by the state disbursement unit by electronic funds transfer into an account with a financial institution maintained by the obligee or into a debit card account established for the obligee under Subsection (b) is solely the property of the obligee. Provides that if an electronic funds transfer transaction is returned to the state disbursement unit, the child support payment covered by that transaction and subsequent child support payments are authorized to be disbursed by mailing paper warrants to the obligee's last known address. Deletes existing text authorizing the work group to recommend and the Title IV-D agency to establish procedures to implement this section.

(f) Deletes existing text authorizing the Title IV-D agency, after receiving the recommendation of the work group, to require an obligee to receive payments by direct deposit to the obligee's bank account or by electronic benefits transfer to an account established by the Title IV-D agency or the state disbursement unit if the account is established at no cost to the obligee.

SECTION 2. Amends Section 72.101, Property Code, by adding Subsection (e), to provide that this section does not apply to money collected as child support and held for disbursement by the state disbursement unit under Chapter 234 (State Case Registry, Disbursement Unit, and Directory of New Hires), Family Code, or a local registry, as defined by Section 101.018 (Local Registry), Family Code, pending identification and location of the person to whom the money is owed.

SECTION 3. Amends Section 73.001(a)(1), Property Code, to redefine "account."

SECTION 4. Repealer: Section 234.011 (Use of Electronic Benefits Transfer for Child Support Payments), Family Code.

SECTION 5. Effective date: upon passage or September 1, 2009.