

BILL ANALYSIS

Senate Research Center

H.B. 4213
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Jurisprudence
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Many Texas families face financial hardship due to unpaid child support, which has reached approximately \$19 billion statewide. A substantial portion of this debt is owed by noncustodial parents with limited incomes who often struggle to meet current child support obligations, let alone repay overdue amounts burdened by a six percent interest rate on arrears. This high interest rate compounds the debt, making it increasingly difficult for low-income parents to catch up on missed payments and thereby worsening the financial challenges faced by custodial families awaiting support.

H.B. 4213 would tie the interest rate to the post-judgment interest rate determined by the Board of Governors of the Federal Reserve System. This could lower the interest rate to five percent, making repayments more achievable, encouraging consistent payment behavior, especially among low-income earners, and providing more reliable support for custodial families.

H.B. 4213 amends current law relating to the accrual of interest on overdue child support.

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 157.265, Family Code, as follows:

Sec. 157.265. ACCRUAL OF INTEREST ON CHILD SUPPORT. (a) Provides that interest accrues on the portion of delinquent child support that is greater than the amount of the monthly periodic support obligation at the interest rate determined under Section 304.003 (Judgment Interest Rate: Interest Rate of Time Price Differential Not in Contract), Finance Code, rather than at the rate of six percent simple interest per year, from the date the support is delinquent until the date the support is paid or the arrearages are confirmed and reduced to money judgment.

(b) Provides that interest accrues on child support arrearages that have been confirmed and reduced to money judgment as provided in this subchapter at the interest rate determined under Section 304.003, Finance Code, rather than at the rate of six percent simple interest per year, from the date the order is rendered until the date the judgment is paid.

(c) Provides that interest accrues on a money judgment for retroactive or lump-sum child support at the interest rate determined under Section 304.003, Finance Code, rather than at the annual rate of six percent simple interest, from the date the order is rendered until the judgment is paid.

(d) Provides that Subsection (a) applies to a child support payment that becomes due on or after January 1, 2026, rather than January 1, 2002.

(e) Provides that child support arrearages in existence on January 1, 2026, rather than January 1, 2002, that were not confirmed and reduced to a money judgment on or before that date accrue interest as follows:

(1) before January 1, 2026, rather than January 1, 2002, the arrearages are subject to the interest rate that applied to the arrearages before that date; and

(2) on and after January 1, 2026, rather than January 1, 2002, the cumulative total of arrearages and interest accumulated on those arrearages described by Subdivision (1) is subject to Subsection (a).

(f) Provides that Subsections (b) and (c) apply to a money judgment for child support rendered on or after January 1, 2026, rather than January 1, 2002.

SECTION 2. Effective date: January 1, 2026.