
HOUSE BILL No. 1119

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-8.1-9-14; IC 31-14-12-2.5; IC 31-16-12.5-9; IC 31-25-4-17.

Synopsis: Tax refund intercepts for past due child support. Prohibits a fee from being charged to a custodial parent for seeking an offset of a federal or state income tax refund for past due child support payments.

Effective: July 1, 2007.

Cheney

January 8, 2007, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

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HOUSE BILL No. 1119

A BILL FOR AN ACT to amend the Indiana Code concerning family law and juvenile law.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-8.1-9-14 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) **Except as**
3 **provided in subsection (n)**, the department shall establish, administer,
4 and make available a centralized debt collection program for use by
5 state agencies to collect delinquent accounts, charges, fees, loans,
6 taxes, or other indebtedness owed to or being collected by state
7 agencies. The department's collection facilities shall be available for
8 use by other state agencies only when resources are available to the
9 department.

10 (b) The commissioner shall prescribe the appropriate form and
11 manner in which collection information is to be submitted to the
12 department.

13 (c) The debt must be delinquent and not subject to litigation, claim,
14 appeal, or review under the appropriate remedies of a state agency.

15 (d) The department has the authority to collect for the state or
16 claimant agency (as defined in IC 6-8.1-9.5-1) delinquent accounts,
17 charges, fees, loans, taxes, or other indebtedness due the state or



1 claimant agency that has a formal agreement with the department for
2 central debt collection.

3 (e) The formal agreement must provide that the information
4 provided to the department be sufficient to establish the obligation in
5 court and to render the agreement as a legal judgment on behalf of the
6 state. After transferring a file for collection to the department for
7 collection, the claimant agency shall terminate all collection procedures
8 and be available to provide assistance to the department. Upon receipt
9 of a file for collection, the department shall comply with all applicable
10 state and federal laws governing collection of the debt.

11 (f) The department may use a claimant agency's statutory authority
12 to collect the claimant agency's delinquent accounts, charges, fees,
13 loans, taxes, or other indebtedness owed to the claimant agency.

14 (g) The department's right to credit against taxes due may not be
15 impaired by any right granted the department or other state agency
16 under this section.

17 (h) The department of state revenue may charge the claimant agency
18 a fee not to exceed fifteen percent (15%) of any funds the department
19 collects for a claimant agency. Notwithstanding any law concerning
20 delinquent accounts, charges, fees, loans, taxes, or other indebtedness,
21 the fifteen percent (15%) fee shall be added to the amount due to the
22 state or claimant agency when the collection is made.

23 (i) Fees collected under subsection (h) shall be retained by the
24 department after the debt is collected for the claimant agency and are
25 appropriated to the department for use by the department in
26 administering this section.

27 (j) The department shall transfer any funds collected from a debtor
28 to the claimant agency within thirty (30) days after the end of the
29 month in which the funds were collected.

30 (k) When a claimant agency requests collection by the department,
31 the claimant agency shall provide the department with:

- 32 (1) the full name;
- 33 (2) the Social Security number or federal identification number,
34 or both;
- 35 (3) the last known mailing address; and
- 36 (4) additional information that the department may request;
37 concerning the debtor.

38 (l) The department shall establish a minimum amount that the
39 department will attempt to collect for the claimant agency.

40 (m) The commissioner shall report, not later than March 1 for the
41 previous calendar year, to the governor, the budget director, and the
42 legislative council concerning the implementation of the centralized

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1 debt collection program, the number of debts, the dollar amounts of
2 debts collected, and an estimate of the future costs and benefits that
3 may be associated with the collection program. A report to the
4 legislative council under this subsection must be in an electronic
5 format under IC 5-14-6.

6 **(n) The department may not assess a fee to a state agency or a**
7 **custodial parent for seeking a setoff to a state or federal income tax**
8 **refund for past due child support.**

9 SECTION 2. IC 31-14-12-2.5 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2.5. (a) This section
11 does not apply to a support order entered in a Title IV-D case.

12 (b) A custodial parent may, under IC 31-16-12.5, seek a setoff of the
13 state income tax refund of a child support obligor against whom a child
14 support order was entered under IC 31-14-11.

15 **(c) A custodial parent may not be charged a fee to seek a setoff**
16 **of a state income tax refund as described in subsection (b).**

17 SECTION 3. IC 31-16-12.5-9 IS ADDED TO THE INDIANA
18 CODE AS A NEW SECTION TO READ AS FOLLOWS
19 [EFFECTIVE JULY 1, 2007]: **Sec. 9. A custodial parent may not be**
20 **charged a fee to seek a setoff of a state income tax refund.**

21 SECTION 4. IC 31-25-4-17, AS ADDED BY P.L.145-2006,
22 SECTION 271, IS AMENDED TO READ AS FOLLOWS
23 [EFFECTIVE JULY 1, 2007]: Sec. 17. (a) The bureau shall do the
24 following:

25 (1) Collect support payments when the payments have been
26 assigned to the state by the application for assistance under Title
27 IV-A.

28 (2) Assist in obtaining a support order, including an order for
29 health insurance coverage under:

30 (A) IC 27-8-23;

31 (B) IC 31-14-11-3; or

32 (C) IC 31-16-6-4;

33 when there is no existing order and assistance is sought.

34 (3) Assist mothers of children born out of wedlock in establishing
35 paternity and obtaining a support order, including an order for
36 health insurance coverage under IC 27-8-23, when the mother has
37 applied for assistance.

38 (4) Implement income withholding in any Title IV-D case:

39 (A) with an arrearage; and

40 (B) without an order issued by a court or an administrative
41 agency.

42 (5) Enforce intrastate and interstate support orders using high

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1 volume automated enforcement features.

2 (6) Use a simplified procedure for the review and adjustment of
3 support orders as set forth in 42 U.S.C. 666(a)(10).

4 (b) Whenever the bureau collects support payments on behalf of an
5 individual who is no longer a member of a household that receives
6 Title IV-A cash payments, the collected support payments (except
7 collections made through a federal tax refund offset) shall be promptly
8 distributed in the following order:

9 (1) Payment to the recipient of the court ordered support
10 obligation for the month that the support payment is received.

11 (2) Payment to the recipient of the support payment arrearages
12 that have accrued during any period when the recipient was not a
13 member of a household receiving Title IV-A assistance.

14 (3) Payment to the state in an amount not to exceed the lesser of:

15 (A) the total amount of past public assistance paid to the
16 recipient's family; or

17 (B) the amount assigned to the state by the recipient under
18 IC 12-14-7-1.

19 (4) Payment of support payment arrearages owed to the recipient.

20 (5) Payment of any other support payments payable to the
21 recipient.

22 (c) Whenever the bureau receives a payment through a federal tax
23 refund offset on behalf of an individual who has received or is
24 receiving Title IV-A assistance, the child support payment shall be
25 distributed as follows:

26 (1) To the state, an amount not to exceed the lesser of:

27 (A) the total amount of past public assistance paid to the
28 individual's family; or

29 (B) the amount assigned to the state by the individual under
30 IC 12-14-7-1.

31 (2) To the individual, any amounts remaining after the
32 distribution under subdivision (1).

33 (d) Whenever the bureau collects a child support payment from any
34 source on behalf of an individual who has never received Title IV-A
35 assistance, the bureau shall forward all money collected to the
36 individual.

37 (e) Whenever the bureau receives a child support payment on behalf
38 of an individual who currently receives a Title IV-A cash payment or
39 an individual whose cash payment was recouped, the child support
40 payment shall be distributed as follows:

41 (1) To the state, an amount not to exceed the lesser of:

42 (A) the total amount of past public assistance paid to the

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1 individual's family; or
2 (B) the amount assigned to the state by the individual under
3 IC 12-14-7-1.
4 (2) To the individual, any amounts remaining after the
5 distribution under subdivision (1).
6 (f) Unless otherwise required by federal law, not more than
7 seventy-five (75) days after a written request by a recipient, the bureau
8 shall provide an accounting report to the recipient that identifies the
9 bureau's claim to a child support payment or arrearage.
10 **(g) The bureau, the department of child services, and the**
11 **department of state revenue may not charge a custodial parent a**
12 **fee to seek or receive a payment through a federal tax refund offset**
13 **as described in subsection (c).**

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