

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0745H.011
Bill No.: HB 185
Subject: Children and Minors; Domestic Relations; Family Law; Courts; Marriage and Divorce
Type: Original
Date: January 3, 2023

Bill Summary: This proposal establishes a rebuttable presumption that child custody arrangements that award equal parenting time are in the best interest of the child.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Social Services (DSS)** assume the following:

Division of Legal Services (DLS)

The proposed legislation will not have any fiscal impact on the DLS because this bill does not increase the need for DLS services in litigation, hearings, investigations, or human resources. DLS defers to the Family Support Division – Child Support for any impact the legislation may have on FSD-CS. DLS anticipates that FSD-CS may see a small negative fiscal impact to the child support program on the amount of the support obligation assigned when one parent receives TANF benefits.

Family Support Division (FSD) Sections 452.375.2 and 452.375.4 & Income Maintenance (IM):

Proposed section 452.375.2 requires courts to award parents' equal parenting time (i.e., 50/50 visitation) unless the presumption is rebutted by preponderance of the evidence. The presumption is also rebutted if the courts find that the parents have reached an agreement on all custody issues, if the court finds that a parent or any person living with a parent has committed an offense as set forth under 454.375.3, or the court finds that a history of domestic violence or abuse as defined under 455.010 has occurred. Under proposed 452.375.4 the general assembly encourages the court to enter a temporary parenting plan as early as practicable in a proceeding under Chapter 452, consistent with the provisions of subsection 2 of this section, when determining custody arrangements.

The FSD has policies and procedures in place regarding custody arrangements in determining eligibility for all public assistance programs FSD administers. The provisions of this bill do not alter the eligibility criteria for any public assistance programs FSD administers. Therefore, there is no fiscal impact to FSD IM.

Child Support (CS): Section 452.375.2

FSD child support assumes that if this bill passes, most judicial orders will include equal parenting time for each parent. The directions for the Civil Procedure Form No. 14 allow a 34% visitation credit for a parent who has 181-183 overnight visits with his/her child (i.e., 50/50 visitation) up to 50% credit if the court determines the credit is unjust and inappropriate. A 50% visitation credit may result in a \$0 obligation. Today, courts may enter no parenting time up to equal parenting time. Likewise, the court may order no credit for visitation or credit up to 50% based on the circumstances of the party. Awarding equal parenting time in all orders and giving obligors a 34% to 50% visitation credit may reduce the child support obligations in Missouri judicial orders.

Since support amounts are assigned to the state when a parent and child receive Temporary Assistance for Needy Families (TANF), and all new orders may be reduced by a 34% up to 50% visitation credit, the state’s ability to recoup TANF payments will be reduced. The state retains approximately 34% of all assigned collections in the Child Support Enforcement (CSEC) Fund; a reduction in the ability to recoup TANF expenditures will reduce the amount of assigned collections deposited into the CSEC fund that help fund the Child Support program.

In state fiscal year (SFY) 2022, there were 3,258 new judicial support orders entered in the Missouri Automated Child Support System (MACSS). FSD’s caseload for state fiscal year 2022 was 294,592 cases of which 4,164 (or 1.4%) were TANF cases. Therefore, of the 3,258 new judicial orders entered in MACSS in SFY 2022, FSD assumes 1.4% or 46 were on TANF cases and the judicial current support obligations were assigned to the state. The total assigned support that accrued on those orders for SFY 2022 was \$148,796, with an average annual accrual per order amount of \$3,235 (\$148,796/46).

Assuming the number of TANF recipients remains static, FSD estimates the amount of support assigned to the state for the recoupment of TANF benefits could be reduced by up to \$148,796 per year which results in \$50,591 [$\$148,796 \times 34\%$ (The Federal FMAP rate)] less that the state could potentially collect and retain as CSEC revenues.

The impact on CSEC revenues will be a range of \$0 (no change in the obligation) up to \$50,591 (assuming equal parenting time results in a \$0 obligation). This funding will need a general revenue pickup to keep the Child Support program at the same level. Therefore, the total fiscal impact to FSD is \$0 to \$50,591.

Oversight considers the fiscal impact estimated by DSS to be more of a potential indirect fiscal impact, depending upon the judgements of the courts, the current custody agreements of the parents, and the financial status of the parties. Therefore, Oversight will assume that the proposal will not have a direct fiscal impact on the state.

Officials from the **Office of the State Courts Administrator**, the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services** and the **Department of Mental Health** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

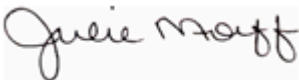
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services
Office of the State Courts Administrator
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Mental Health



Julie Morff
Director
January 3, 2023



Ross Strobe
Assistant Director
January 3, 2023