

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7863**

**BILL NUMBER:** SB 639

**NOTE PREPARED:** Mar 1, 2005

**BILL AMENDED:** Feb 28, 2005

**SUBJECT:** Interest on Delinquent Child Support.

**FIRST AUTHOR:** Sen. Hume

**FIRST SPONSOR:** Rep. Pond

**BILL STATUS:** As Passed Senate

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill requires a court to order interest charges on all delinquent child support payments that are at least three percent greater than the interest rate on a final judgment on the date a child support order is issued. The bill provides that the interest charges apply to all delinquent child support as of July 1, 2005.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** (Revised) This bill amends current statute and would require a court to order interest charged on all delinquent child support payments. Interest would be at least 3% greater than the interest rate administered in a final judgment under IC 34.54.8.5 on the date a child support order is issued (currently 6% annually). Under current law, a court may order interest charges equal to 1.5% per month to be paid on any delinquent child support payment. FSSA reports that this currently does not occur. This bill would increase revenue to the state in the instance that arrearage is owed to the state, however, actual increases are unknown.

The Family and Social Services Administration (FSSA) reports that interest collected by the child support program would be considered program income money. The federal government receives 66% of funds collected, the remaining 34% would go to the state.

*Background Information:* FSSA reports that as of September 2004, the state was owed approximately \$289 M in child support arrearage.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** See *Explanation of State Revenues*.

**State Agencies Affected:** Family and Social Services Administration.

**Local Agencies Affected:** Courts.

**Information Sources:** Daphne Risch, FSSA, 232-4922; William Bogard, FSSA, 232-7088.

**Fiscal Analyst:** Sarah Brooks, 317-232-9559.