

I Mina'trentai Siette Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	FISCAL NOTES	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
240-37 (COR)	Therese M. Terlaje	AN ACT RELATIVE TO EFFECTIVELY DISTRIBUTING AND DISPOSING OF UNDISTRIBUTED CHILD SUPPORT FUNDS AT THE OFFICE OF THE ATTORNEY GENERAL BY <i>REPEALING</i> §§34111 (b) AND <i>ADDING</i> A NEW §§34401, §§34402, AND §34403 ALL OF CHAPTER 34 TITLE 5 GUAM CODE ANNOTATED.	2/6/24 1:16 p.m.	2/9/24	Committee on Health, Land, Justice, and Culture	Request: 2/9/24 2/22/24			




COMMITTEE ON RULES

Senator Chris Barnett, Chairperson
I Mina'trentai Siette Na Liheslaturan Guåhan
37th Guam Legislature

February 22, 2024

To: **Joaquin P. Taitague**
Clerk of the Legislature

From: **Senator Chris Barnett** 
Chairperson, Committee on Rules

Subject: **Fiscal Note for Bill No. 240-37 (COR)**

Håfa Adai yan Biba Guåhan!

Find the attached, Fiscal Note for the following bill:

Bill No. 240-37 (COR).

I also request that the same be sent to the respective Chairperson of the Standing Committee, to which this bill has been referred. Kindly forward the same to Management Information Services (MIS) for posting on our website.



Bureau of Budget and Management Research
Comments on Bill No. 240-37 (COR)

Bill No. 240-37 (COR) is an act relative to effectively distributing and disposing of undistributed Child Support Funds at the Office of the Attorney General by repealing §§34111(b) and adding a new §§34401, §§34402, and §§34403, all of Chapter 34, Title 5 of the Guam Code Annotated (GCA).

According to the Legislative Findings and Intent, the proposed legislation was introduced by the author at the request of the Attorney General of Guam. It is noted that as time passes, some parents change residences but fail to provide the Office of the Attorney General's (OAG) Child Support Enforcement Division (CSED) with updated contact information; fail to maintain bank accounts for direct deposits; or have since passed away. As a result, the CSED has accumulated significant amounts of undistributed funds from either child support payments or tax offsets from non-custodial parents that have been sitting in the CSED Trust Account. These undistributed funds also include child support payments or tax offsets that have not been refunded to the non-custodial parents. It is the intent of the proposed legislation to create a process by which these undistributed funds can be escheated to the government of Guam, particularly to the CSED, in cases where diligent efforts have been made, yet failed, to locate the custodial parent, the non-custodial parent, or their heirs.

The Bureau notes that the estimated amounts of undistributed funds reported in the proposed legislation's Legislative Findings and Intent have been clarified by the OAG. As of March 31, 2023, the total undistributed funds are \$6,239,576, of which \$4,199,490 have remained undistributed for more than five years. As of June 30, 2023, the total undistributed funds are \$6,223,252, of which \$4,228,099 have remained undistributed for more than five years. In terms of the \$823,119.84 in undistributed funds accumulated prior to August 30, 1996, CSED has been trying to resolve the issue and escheat such funds to the government of Guam pursuant to §§34111, Chapter 34, Title 5 GCA.

Based on the comments received from the OAG, the proposed legislation will have a fiscal impact on the operations of the CEDS. If enacted, revenues gained from the escheatment of undistributed funds will reduce the OAG's future claims for program administrative costs. The OAG estimates that every dollar that is escheated will reduce the amount of federal funding being claimed for program administrative costs by 66% (federal share of claims). The Legislative Findings and Intent state that the "Federal funding amounts in the undistributed accounts will be applied to offset the Federal Government's contribution to operating the CSED." Further, it is the intent of the proposed legislation to reprogram the escheated funds back to CSED to "cover the reduction of federal funding." The OAG emphasized that the revenue gained from the escheatment of undistributed funds must be held separate from the annual local appropriation received by the OAG and must be directed specifically to fund mission-critical operations of the CSED. In terms of publishing in any daily newspaper of wide circulation (pursuant to §§34401(b), proposed new section), the OAG noted that there are no rules prohibiting the publishing of names, however, measures should be taken to protect other personal identification information.

The Bureau notes that there will be additional costs to the OAG specific to the escheatment proceedings to include filing petitions, court orders to appear and show cause, publishing in any daily newspaper of wide circulation, and other associated costs. The Bureau further notes that the existing language on §§34111, Chapter 34, Title 5 GCA already allows for the escheatment of unclaimed child support payments following a separate two-year and five-year waiting period. However, with the proposed deletion of §§34111(b), Chapter 34, Title 5 GCA, the new sections proposed to be added will replace such mechanism. §§34111(c), Chapter 34, Title 5 GCA may also need to be revisited as it references a section under §§34111(b). The numbering of the new sections proposed to be added to Chapter 34 of Title 5 GCA may also need to be revisited.

In closing, the Bureau would like to note that by current statute, the amount of \$4,228,099 in undistributed funds, which have remained undistributed and unclaimed for more than five years as of June 30, 2023, should be escheated to the government of Guam, pursuant to §§34111(b), Chapter 34, Title 5 GCA.