

SESSION OF 2006

SUPPLEMENTAL NOTE ON SENATE BILL NO. 420

As Recommended by Senate Committee
on Ways and Means

Brief*

Section 1 of bill would amend KSA 23-4,118 to:

- Clarify that the standards for operation of the Kansas Payment Center (KPC) set forth in the statute are not limited to outsourced functions;
- Create a limited power of attorney permitting the KPC to endorse and deposit support checks payable to individual Non-IV-D custodial parents or their successor in interest; and
- Direct that any payments received by the KPC that cannot be matched to any account or payee or returned to the payor shall, after a good faith effort to locate the appropriate parties, be transferred to the State Treasurer under the provisions of the Unclaimed Property Act. However, if the payments or a portion thereof is considered federal revenue, the property is not presumed to be abandoned and remains with the Secretary of Social and Rehabilitation Services. The Secretary and the State Treasurer are required to collaborate to locate the true owner of the funds.

Section 2 of the bill would repeal KSA 39-7,153 which is an automatic sunset provision enacted in 1997.

Background

Conferees appearing in support of the bill included representatives of the Department of Social and Rehabilitation Services (SRS) and the Kansas Catholic Conference.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Standards contained in current law are written in terms of a single external contract for the KPC creating uncertainty if some functions are either performed internally by SRS or if there are multiple providers. This bill clarifies that the statutory standards apply regardless of how the agency chooses to fulfill the functions of the KPC.

The ability of SRS to endorse and deposit checks for payments in IV-D cases, where the custodial parent is receiving or has received services from SRS, is covered by the agency's limited power of attorney in KSA 39-709 and 39-756. This bill would extend that same power to non-IV-D clients who have asked for assistance with collecting child support. According to the agency, a 2005 Kansas Supreme Court case highlighted the need to have unambiguous, statutory authority to endorse and deposit all normal support checks handled by the KPC. The power of attorney authority granted in the bill is narrowly drawn and would not allow for any activities beyond those specified such as the retaining of additional fees.

Revenue due to the federal government, referred to in the bill description, would occur in cases where the payee is a IV-D client. In those cases, a portion of all payments collected to repay the state for assistance provided is owed to the Federal Government. Current law requires SRS to remit all funds that remain unmatched after one year to the State Treasurer under the Unclaimed Property Act. Because a portion of these funds also is due to the federal government, current law requires the agency to transfer 100 percent of the unmatched funds and then pay 66 percent of that amount to the federal government. The amendment in this bill would allow SRS to retain the funds in cases where money is due to the federal government.

According to testimony, the purpose behind the automatic sunset provisions enacted in 1997 has been served and the consequences of triggering the sunsets would cause significant problems including the repeal of numerous laws of general application scattered throughout the statute books.

The fiscal note indicates that there is no impact associated with the passage of this bill.