



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-0020/1
PJK:wlj:rs

DOA:.....Major, BB0076 - Requiring financial institutions to pay levies submitted by other states

FOR 2015-2017 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; **relating to:** the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

OTHER HEALTH AND HUMAN SERVICES

Under current law, if a person who owes child support under a court order (obligor) is delinquent in the payment of support, the amount of the delinquent support is entered on the statewide support lien docket and becomes a lien in favor of the DCF. DCF may enforce the lien by sending a notice of levy to a financial institution at which the obligor has an account, instructing the financial institution to prohibit the closing of or withdrawals from the account. DCF may also send to a financial institution a request from another state to enforce a child support lien in favor of the other state, along with a certification that any due process requirements have been met in the other state and a request that the financial institution send the amount specified in the request directly to the other state, as well as the address to which the funds must be sent. Under this bill, in addition to sending child support to another state to enforce the other state's lien in response to a request sent by DCF, a financial institution is required to honor a notice of levy or request to enforce a lien in favor of another state that it receives directly from the other state or a child support agency in the other state, along with a certification by the other state that any due process requirements have been met in the other state. The financial

institution must send the amount specified in the notice or request, up to the amount contained in the obligor's account or accounts minus the financial institution fees and estimated levy fees and costs. According to DCF, requiring financial institutions to honor levies in favor of other states that are sent directly by the other states is necessary to comply with federal law.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 49.854 (5) (c) of the statutes is renumbered 49.854 (5) (c) 1. and amended to read:

49.854 (5) (c) 1. Notwithstanding par. (b), if a lien under par. (b) is in favor of another state, the notice sent by the department to the financial institution may consist of the request from the other state to enforce the lien, a certification by the department that any necessary due process requirements were met in the other state, a request that the financial institution honor the request from the other state by sending the amount specified in the request directly to the other state, and the address to which the financial institution shall send the funds.

3. Notice and hearing requirements under pars. (d) and (f) do not apply to a lien in favor of another state.

SECTION 2. 49.854 (5) (c) 2. of the statutes is created to read:

49.854 (5) (c) 2. If a financial institution receives directly from another state, or a child support agency in another state, a notice of levy or request to enforce a lien in favor of that other state, along with a certification by the other state that any necessary due process requirements were met in the other state, the financial institution shall honor the notice of levy or request from the other state by sending the amount specified in the notice of levy or request, up to the amount contained in

the account or accounts minus any financial institution fee under par. (e) and levy fee under sub. (11) (a), directly to the other state at the address to which the financial institution is directed to send the funds in the notice or request.

SECTION 3. 49.854 (5) (e) of the statutes is amended to read:

49.854 (5) (e) *Financial institution fees.* A financial institution may continue to collect fees, under the terms of the account agreement, on accounts frozen or levied against under this subsection. In addition to the levy fee authorized under sub. (11) (a), a financial institution may collect any early withdrawal penalty incurred under the terms of an account as a result of the levy. Financial institution fees authorized under this paragraph may be charged to the account immediately prior to the remittance of the amount to the department or the other state and may be charged even if the amounts in the obligor's accounts are insufficient to pay the total amount of support owed and the department's levy costs under sub. (11) (b).

(END)