

**SB 509 A STAFF MEASURE SUMMARY**

**Carrier:** Rep. Barker

**House Committee On Judiciary**

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**Action Date:** 05/23/17

**Action:** Do Pass the A-Eng bill.

**Vote:** 10-0-1-0

**Yeas:** 10 - Barker, Gorsek, Greenlick, Lininger, Olson, Post, Sanchez, Stark, Vial, Williamson

**Exc:** 1 - Sprenger

**Fiscal:** No fiscal impact

**Revenue:** No revenue impact

**Prepared By:** Whitney Perez, Counsel

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**WHAT THE MEASURE DOES:**

Requires Oregon Department of Justice's Child Support Division (Division) to adopt rules to: 1) require distribution of payments to child, medical or spousal support obligations and arrears in any sequence consistent with federal law; 2) permit the Division to develop criteria for when it may override the debtors's designation of particular support debt to which the payment of child or spousal support is applied; and 3) provide the manner in which payments of child, medical or spousal support must be applied to principal and interest that is due and owing on such obligations and arrears, regardless of any laws to the contrary.

**ISSUES DISCUSSED:**

- Determines sequence agency applies payments to medical, child and spousal support
- Circumstances where agency may need to override debtor's designation
- Child support is not consumer debt

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

The Department of Justice's Child Support Program (Program), in partnership with county District Attorney's Offices, oversees services and supports that involve over 450,000 parents and their children. The Program collects and processes more than one million dollars a day. Currently, the Program is developing an automated case management system. This system is expected to be operational in 2018. This new system must be programmed in advance for the sequence that collections are distributed to various accounts, such as child support, medical support, and spousal support.

In some cases, other administrative rules or laws applicable to state debt collection may specify a different sequence of payments among principal, interest, and arrears than specified for child, medical or spousal payment. For example, the Oregon Accounting Manual requires payments be applied to interest before principal. Senate Bill 509-A allows for the Program, by rule, to determine the sequence of payments for child, medical and spousal support, regardless of other administrative rules or laws. The measure also allows the Program to determine, by rule, how to prioritize payment to principal and minimize interest accruals and balances, which the Program notes increases the chance that arrears will be voluntarily paid.