

**LEGISLATIVE HISTORY CHECKLIST**  
 Compiled by the NJ State Law Library

(Unclaimed Child Support)

**NJSA:** 46:30B-74

**LAWS OF:** 1995 **CHAPTER:** 115

**BILL NO:** S1682

**SPONSOR(S):** Matheussen and Martin

**DATE INTRODUCED:** January 10, 1995

**COMMITTEE:** **ASSEMBLY:** Appropriations  
**SENATE:** Judiciary

**AMENDED DURING PASSAGE:** No

**DATE OF PASSAGE:** **ASSEMBLY:** May 1, 1995  
**SENATE:** March 2, 1995

**DATE OF APPROVAL:** June 5, 1995

**FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:**

**SPONSOR STATEMENT:** Yes

**COMMITTEE STATEMENT:** **ASSEMBLY:** Yes  
**SENATE:** Yes

**FISCAL NOTE:** No

**VETO MESSAGE:** No

**MESSAGE ON SIGNING:** No

**FOLLOWING WERE PRINTED:**  
**REPORTS:** No

**HEARINGS:** No

KBG:pp

P.L.1995, CHAPTER 115, approved June 5, 1995  
1995 Senate No. 1682

1 AN ACT concerning unclaimed child support payments and  
2 amending R.S.46:30B-74.

3  
4 BE IT ENACTED by the Senate and General Assembly of the  
5 State of New Jersey:

6 1. R.S.46:30B-74 is amended to read as follows:  
7 46:30B-74. Deposits of funds by administrator. The  
8 administrator shall establish and manage [two] three separate  
9 trust funds to be known as the Unclaimed County Deposits Trust  
10 Fund, the Unclaimed Child Support Trust Fund and the Unclaimed  
11 Personal Property Trust Fund.

12 a. All moneys received as unclaimed county deposits and the  
13 accretions thereon shall be deposited into the Unclaimed County  
14 Deposits Trust Fund. Each year, unless the administrator deems  
15 it prudent and advisable to do otherwise, the administrator shall  
16 pay to each county, within 45 days of the receipt of such funds,  
17 75% of the unclaimed county deposits received from that county  
18 by the administrator. The remaining portion shall be retained in  
19 the trust fund, administered and invested by the State Treasurer,  
20 and used to pay claims duly presented and allowed and all  
21 expenses and costs incurred by the State of New Jersey. If the  
22 Unclaimed County Deposits Trust Fund is insufficient to pay  
23 specific claims against a county, the administrator shall report  
24 the fact to the county governing body and the unpaid claim shall  
25 become an affirmative obligation of that county.

26 Upon the effective date of this act, any county deposits paid to  
27 the administrator between April 18, 1989 and the effective date  
28 of this act shall be transferred from the Unclaimed Personal  
29 Property Trust Fund to the Unclaimed County Deposits Trust  
30 Fund.

31 b. All other moneys received as unclaimed property presumed  
32 abandoned, the accretions thereon, and the proceeds of sale of  
33 unclaimed property shall be deposited into the Unclaimed  
34 Personal Property Trust Fund. Unless the administrator deems it  
35 prudent and advisable to do otherwise, 75% of all funds received  
36 shall be transferred to the General State Fund. The remaining  
37 portion shall be retained in the trust fund, administered and  
38 invested by the State Treasurer, and used to pay claims duly  
39 presented and allowed and all expenses and costs incurred by the  
40 State of New Jersey.

41 Upon the effective date of this act, all funds and assets of the  
42 trust funds established pursuant to N.J.S.2A:37-41, section 8 of  
43 P.L.1945, c.199 (C.17:9-25), and N.J.S.17B:31-7, shall be  
44 transferred to and become part of the Unclaimed Personal

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the  
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 Property Trust Fund established by this act, which shall be  
2 responsible for payment of any allowed claims for restitution of  
3 unclaimed property paid into those three funds.

4 c. All moneys received as abandoned child support and the  
5 accretions thereon shall be deposited in the Unclaimed Child  
6 Support Trust Fund. Each year, the administrator shall pay to the  
7 judiciary, within 45 days of the receipt of such funds, the federal  
8 government's Title IV-D share of the abandoned child support  
9 received from the Probation Division of the Superior Court. The  
10 remaining portions shall be retained in the trust fund,  
11 administered and invested by the State Treasurer, and used to pay  
12 claims duly presented and allowed and all expenses and costs  
13 incurred by the State of New Jersey. If the Unclaimed Child  
14 Support Trust Fund is insufficient to pay specific claims against a  
15 county, the administrator shall report the fact to the judiciary  
16 and the unpaid claim shall become an affirmative obligation of  
17 the judiciary.

18 Upon the effective date of P.L. (c. ) (now pending before  
19 the Legislature as this bill), any abandoned child support paid to  
20 the administrator between April 18, 1989 and that effective date  
21 shall be transferred from the Unclaimed Personal Property Trust  
22 Fund to the Unclaimed Child Support Trust Fund.

23 [c.] d. As used in this section[, "county deposits"]:

24 (1) "County deposits" means[:] the proceeds of a judgment  
25 received in favor of a minor and placed under the control of a  
26 county surrogate or any devise or distribution from an estate paid  
27 into the county surrogate's court prior to April 14, 1989; any  
28 unclaimed bail and any interest thereon deposited prior to  
29 January 1, 1995 and 50% of any unclaimed bail and any interest  
30 thereon deposited after January 1, 1995;

31 (2) "Abandoned child support" means any payments for the  
32 support of a child or a child and the custodial parent paid to the  
33 Probation Division of the Superior Court pursuant to a court  
34 order that could not be distributed to the payee or returned to  
35 the payor within one year of its receipt;

36 (3) "Title IV-D" means Part D, "Child Support and  
37 Establishment of Paternity," of subchapter IV of the Social  
38 Security Act (42 U.S.C. 651 et seq.) under which states receive  
39 partial federal reimbursement of their administrative expenses  
40 for establishing paternity and collecting child support.

41 (cf: P.L.1993, c.275, s.21)

42 2. This act shall take effect immediately.

43

44

45

#### STATEMENT

46

47 The Probation Division of the Superior Court is responsible for  
48 the enforcement, collection and disbursement of child support  
49 payments. Each year, probation collects and distributes more  
50 than \$500 million in child support. Over the past ten years,  
51 approximately \$10 million of unclaimed child support money has  
52 accumulated due to the fact that parents who are subject to  
53 support orders have relocated without providing forwarding  
54 addresses. The Uniform Unclaimed Property Act

1 (N.J.S.A.46:30B-1 et seq.) requires that this money be escheated  
2 to the State Treasurer as abandoned property if it remains  
3 unclaimed for more than one year after its receipt.

4 The escheat of unclaimed child support money to the State  
5 Treasurer will create a budget deficit for county government and,  
6 eventually, the judiciary once the State unification of the courts  
7 is complete. The State's child support program is a participant  
8 in the federal Title IV-D program which reimburses states for  
9 66% of their administrative costs that are associated with child  
10 support enforcement. Each quarter, county probation  
11 departments report their administrative costs to the federal  
12 government and the appropriate amount of federal  
13 reimbursement is paid to each county's general fund. Deducted  
14 from these administrative costs, however, is the federal share  
15 (66%) of any income that the county earns, such as interest, fees  
16 or escheated funds, that is attributable to the Title IV-D  
17 program. The federal share of program income reduces the  
18 amount of federal reimbursement that is received by county  
19 government dollar-for-dollar. Prior to the UUPA, the effect of  
20 this setoff was equalized due to the fact that the county retained  
21 and used abandoned money to fund county services. Thus,  
22 reduced federal reimbursement and potential budget deficits  
23 were avoided by the use of abandoned child support money.  
24 Beginning in 1989, the UUPA required that these funds be  
25 escheated to the State. The net effect of the change in the  
26 custodian of abandoned child support money is that county  
27 government now loses both federal reimbursement due to  
28 program income and the benefit of the use of abandoned child  
29 support money. The escheat of abandoned child support monies  
30 currently held by Probation will result in the loss of millions of  
31 dollars in federal reimbursement to local government. Once the  
32 State unification of the courts is complete, the judiciary's budget  
33 will suffer from this same malady.

34 To resolve this budget dilemma, this bill establishes a  
35 procedure whereby the State Treasurer deposits all escheated  
36 child support previously held by Probation into a separate account  
37 known as the Unclaimed Child Support Trust Fund. Each year,  
38 within 45 days of receipt of those funds, the Treasurer will return  
39 the federal share of those monies to the Judiciary to replenish its  
40 budget or county government budgets for the loss of federal  
41 reimbursement due to escheated funds. The non-federal share of  
42 escheated child support will be retained in the fund for the  
43 general use of the State and to assist the Treasurer in  
44 administering claims by owners.

45  
46  
47  
48  
49 Revised procedures with regard to unclaimed child support  
50 payments.

1 Property Trust Fund established by this act, which shall be  
2 responsible for payment of any allowed claims for restitution of  
3 unclaimed property paid into those three funds.

4 c. All moneys received as abandoned child support and the  
5 accretions thereon shall be deposited in the Unclaimed Child  
6 Support Trust Fund. Each year, the administrator shall pay to the  
7 judiciary, within 45 days of the receipt of such funds, the federal  
8 government's Title IV-D share of the abandoned child support  
9 received from the Probation Division of the Superior Court. The  
10 remaining portions shall be retained in the trust fund,  
11 administered and invested by the State Treasurer, and used to pay  
12 claims duly presented and allowed and all expenses and costs  
13 incurred by the State of New Jersey. If the Unclaimed Child  
14 Support Trust Fund is insufficient to pay specific claims against a  
15 county, the administrator shall report the fact to the judiciary  
16 and the unpaid claim shall become an affirmative obligation of  
17 the judiciary.

18 Upon the effective date of P.L. (c. ) (now pending before  
19 the Legislature as this bill), any abandoned child support paid to  
20 the administrator between April 18, 1989 and that effective date  
21 shall be transferred from the Unclaimed Personal Property Trust  
22 Fund to the Unclaimed Child Support Trust Fund.

23 [c.] d. As used in this section[, "county deposits"]:

24 (1) "County deposits" means[:] the proceeds of a judgment  
25 received in favor of a minor and placed under the control of a  
26 county surrogate or any devise or distribution from an estate paid  
27 into the county surrogate's court prior to April 14, 1989; any  
28 unclaimed bail and any interest thereon deposited prior to  
29 January 1, 1995 and 50% of any unclaimed bail and any interest  
30 thereon deposited after January 1, 1995;

31 (2) "Abandoned child support" means any payments for the  
32 support of a child or a child and the custodial parent paid to the  
33 Probation Division of the Superior Court pursuant to a court  
34 order that could not be distributed to the payee or returned to  
35 the payor within one year of its receipt;

36 (3) "Title IV-D" means Part D, "Child Support and  
37 Establishment of Paternity," of subchapter IV of the Social  
38 Security Act (42 U.S.C. 651 et seq.) under which states receive  
39 partial federal reimbursement of their administrative expenses  
40 for establishing paternity and collecting child support.

41 (cf: P.L.1993, c.275, s.21)

42 2. This act shall take effect immediately.

43

44

45

#### STATEMENT

46

47 The Probation Division of the Superior Court is responsible for  
48 the enforcement, collection and disbursement of child support  
49 payments. Each year, probation collects and distributes more  
50 than \$500 million in child support. Over the past ten years,  
51 approximately \$10 million of unclaimed child support money has  
52 accumulated due to the fact that parents who are subject to  
53 support orders have relocated without providing forwarding  
54 addresses. The Uniform Unclaimed Property Act

1 (N.J.S.A.46:30B-1 et seq.) requires that this money be escheated  
2 to the State Treasurer as abandoned property if it remains  
3 unclaimed for more than one year after its receipt.

4 The escheat of unclaimed child support money to the State  
5 Treasurer will create a budget deficit for county government and,  
6 eventually, the judiciary once the State unification of the courts  
7 is complete. The State's child support program is a participant  
8 in the federal Title IV-D program which reimburses states for  
9 66% of their administrative costs that are associated with child  
10 support enforcement. Each quarter, county probation  
11 departments report their administrative costs to the federal  
12 government and the appropriate amount of federal  
13 reimbursement is paid to each county's general fund. Deducted  
14 from these administrative costs, however, is the federal share  
15 (66%) of any income that the county earns, such as interest, fees  
16 or escheated funds, that is attributable to the Title IV-D  
17 program. The federal share of program income reduces the  
18 amount of federal reimbursement that is received by county  
19 government dollar-for-dollar. Prior to the UUPA, the effect of  
20 this setoff was equalized due to the fact that the county retained  
21 and used abandoned money to fund county services. Thus,  
22 reduced federal reimbursement and potential budget deficits  
23 were avoided by the use of abandoned child support money.  
24 Beginning in 1989, the UUPA required that these funds be  
25 escheated to the State. The net effect of the change in the  
26 custodian of abandoned child support money is that county  
27 government now loses both federal reimbursement due to  
28 program income and the benefit of the use of abandoned child  
29 support money. The escheat of abandoned child support monies  
30 currently held by Probation will result in the loss of millions of  
31 dollars in federal reimbursement to local government. Once the  
32 State unification of the courts is complete, the judiciary's budget  
33 will suffer from this same malady.

34 To resolve this budget dilemma, this bill establishes a  
35 procedure whereby the State Treasurer deposits all escheated  
36 child support previously held by Probation into a separate account  
37 known as the Unclaimed Child Support Trust Fund. Each year,  
38 within 45 days of receipt of those funds, the Treasurer will return  
39 the federal share of those monies to the Judiciary to replenish its  
40 budget or county government budgets for the loss of federal  
41 reimbursement due to escheated funds. The non-federal share of  
42 escheated child support will be retained in the fund for the  
43 general use of the State and to assist the Treasurer in  
44 administering claims by owners.

45

46

47

48

49 Revised procedures with regard to unclaimed child support  
50 payments.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1682

STATE OF NEW JERSEY

DATED: APRIL 11, 1995

The Assembly Appropriations Committee reports favorably Senate Bill No. 1682.

Senate Bill No. 1682 returns certain State-managed funds to the Judiciary in an amount equal to the Judiciary's loss of certain federal reimbursements caused by the effects of a revision to the New Jersey escheat laws.

The Probation Division of the Superior Court administers the collection and distribution of child support payments. Occasionally a person owed child support cannot be located or a check goes uncashed, resulting in a slow accumulation of unclaimed funds. In 1989 New Jersey reformed its treatment of unclaimed property to provide that all unclaimed funds would "escheat" to the State, reverting to a State-managed account for use by the State until claimed. Unclaimed child support goes to that State-managed account.

The federal government reimburses the Probation Division for 66% of the costs associated with its child support activities. The amount of unclaimed child support that escheats to the State-managed account must be deducted from costs in determining the costs that are eligible for federal reimbursement. For each dollar of unclaimed child support that escheats to the State account, the Probation Division loses the child support federal reimbursement amount, leaving the Judiciary with a budget shortfall for the program.

This bill establishes a separate State account for the unclaimed child support money. Each year, the Treasurer will return an amount to the Judiciary equal to its loss in federal reimbursement caused by the escheat of the unclaimed child support payments to the State. The non-federal share of escheated child support will be retained in the fund for the general use of the State and to assist the Treasurer in administering claims by persons owed the previously unclaimed child support.

FISCAL IMPACT:

This bill shifts all of the unclaimed child support transferred from the Probation Division to the State's Unclaimed Personal Property Trust Fund between April 18, 1989 and the bill's effective date to a new Unclaimed Child Support Trust Fund. The Office of Management and Budget has provided information that the amount of this transfer is approximately \$10,000,000. The bill then requires that the Treasurer annually return an amount to the Judiciary equal to its loss in federal reimbursement caused by the escheat of the unclaimed child support payments to the State. The Office of Management and Budget has provided information that the amount of unclaimed child support, which will escheat to the State, is approximately \$500,000 annually; this will require the Treasurer to transfer the equivalent of the 66% federal match on that amount, or approximately \$333,334, to the judiciary annually.

SENATE JUDICIARY COMMITTEE

STATEMENT TO

SENATE, No. 1682

STATE OF NEW JERSEY

DATED: FEBRUARY 6, 1995

The Senate Judiciary Committee reports favorably Senate Bill No. 1682.

The Probation Division of the Superior Court (formerly county probation departments) is responsible for collecting child support payments. Upon receipt of a child support payment, Probation records information about the collection, deposits the money in a probation bank account, and sends a probation check for the amount paid to the obligee.

When an obligee cannot be located or if a check is uncashed the money remains in the Judiciary bank account until the obligee is found or the money is eligible for escheat.

Before 1989, Probation administered unclaimed child support payments in accordance with N.J.S.A.40:26A-1 et seq. (Moneys Held in Certain Offices). In accordance with that law, monies held in Probation or any other judicial office for 10 years were deemed abandoned and escheated to the county treasurer for general use of the county.

In 1989, New Jersey adopted the Uniform Unclaimed Property Act (UUPA), N.J.S.A.46:30B-1 et seq., which repealed the State's numerous escheat laws including N.J.S.A.40:26A-1 et seq. In accordance with the UUPA, money or other intangible property held by government entities, including Probation, for more than one year from the date that the property became distributable would be considered abandoned (N.J.S.A.46:30B-41.2). After appropriate notice to the apparent owners, the property and an abandoned property report must be delivered to the State Treasurer by November 1 of the fiscal year following the fiscal year in which the money was deemed abandoned (N.J.S.A.46:30B-57). The State is allowed to use the unclaimed money until a successful claim is made by the owner or that person's successors.

N.J.S.A.46:30B-5 requires that the initial report of unclaimed property to the State include all property that was not escheated before the effective date of the Act but would have been presumed abandoned during the 10-year period preceding the effective date of the Act (April 14, 1989). Thus, all undistributed and unclaimed monies held by Probation that did not meet the 10-year threshold for abandonment and transfer to county government under the repealed N.J.S.A.40:26A-1 et seq. were to be transferred to the State starting in SFY 1990 if such funds met the UUPA abandonment requirements.

The Judiciary is a participant in the federal Title IV-D child support program (i.e., Title IV-D of the Social Security Act, 42 U.S.C.651 et seq.). As a condition to receiving 66% federal reimbursement of the costs associated with its child support activities, the Judiciary and its agencies, such as the Probation Division, must comply with Title IV-D and its implementing regulations. One of those regulations, 45 C.F.R.303.50, requires that states exclude from their Title IV-D expenditures any interest or other income earned from services provided under Title IV-D

(generally called program income). The federal government includes abandoned child support escheated to a state or local government body in its definition of Title IV-D program income. Thus, all abandoned child support held by Probation that is escheated to the State must be dedicated from Probation's administrative expenditures. Title IV-D expenditures are used to determine how much federal funding is received by the State.

The federal regulation on Title IV-D program income and the UUPA create a financial dilemma for local Probation Divisions and the Judiciary. Before each fiscal year, the Judiciary submits its child support budget to the federal government. The federal government then advances the Judiciary 66% of its anticipated program expenditures with the understanding that any surplus will be refunded. The remaining 34% of the costs for the operation of the Judiciary's child support program are submitted to the Legislature as part of the Judiciary's annual budget request. Thus, the State appropriation for each fiscal year represents only 34% of the total cost of the Judiciary's child support program.

If abandoned child support is escheated to the State Treasurer as required by the UUPA, the Judiciary must reduce its child support expenditures by the amount transferred. The reduction in actual expenditures due to escheated funds will require that the Judiciary refund part of the federal money advanced in consideration of the projected child support program budget. The amount to be refunded is equal to the 66% of the difference between the projected program budget and the net program expenditures (after escheated funds are deducted). The refund of federal funds will leave the Judiciary with a budget shortfall for the child support program each year that abandoned child support is escheated to the State.

To alleviate this problem, S-1682 establishes a procedure whereby the State Treasurer deposits all escheated child support previously held by Probation into a separate account known as the Unclaimed Child Support Trust Fund. Each year, within 45 days of receipt of those funds, the Treasurer will return the federal share of those monies to the Judiciary to replenish its budget or county government budgets for the loss of federal reimbursement due to escheated funds. The non-federal share of escheated child support will be retained in the fund for the general use of the State and to assist the Treasurer in administering claims by owners.