

ANALYSIS OF ORIGINAL BILL

Author: Banking, Finance, & Insurance Committee Analyst: Rachel Coco Bill Number: SB 1104
 Related Bills: See Legislative History Telephone: 845-4328 Introduced Date: March 1, 2005
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Child Support Collection/Financial Institution Match System Is Not Subject To Limitations In The California Financial Information Privacy Act

SUMMARY

This bill would exempt financial information received through the Financial Institution Data Match System from the California Financial Information Privacy Act.

This bill also would make changes to other provisions of law relating to the sharing of specific personal and financial information, which do not impact the department and are not discussed in this analysis.

PURPOSE OF THE BILL

According to the author's office, the purpose of this bill is to make clarifying changes to provisions regulating personal financial records in order to protect the mishandling of consumer information.

EFFECTIVE/OPERATIVE DATE

This bill would be effective and operative January 1, 2006.

POSITION

Pending.

ANALYSISSTATE LAW

Current state law requires the Franchise Tax Board (FTB), in conjunction with the Department of Child Support Services (DCSS) and financial institutions in the state, to operate a Financial Institution Match System, or Financial Institution Data Match (FIDM), using automated data exchanges. This process consists of a quarterly cross-reference of the name and social security number of any obligor of past-due child support with financial institution records.

Recently enacted legislation, (AB 2358, Stats. 2004, Ch. 806) transferred the authority to administer child support collections and FIDM from FTB to DCSS, effective upon enactment of the Budget Act and staffing authorization from both the Department of Finance and the Department of Personnel Administration.

Board Position:

| | | |
|----------|-----------|-----------------|
| _____ S | _____ NA | _____ NP |
| _____ SA | _____ O | _____ NAR |
| _____ N | _____ OUA | _____ X PENDING |

Department Director

Date

Gerald Goldberg

3/30/2005

Current state law provides the California Right To Financial Privacy Act and the California Financial Information Privacy Act. Both acts regulate the sharing and disclosing of consumer financial information. Under current state law, information received through FIDM is not subject to the limitations set forth in the California Right To Financial Privacy Act.

THIS BILL

This bill would exempt the information received through FIDM from the limitations set forth in the California Financial Information Privacy Act. Thus, information received through FIDM would not be subject to either financial privacy act discussed above.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not impact the department.

TECHNICAL CONSIDERATION

This bill would provide an exemption in the Revenue and Taxation Code relating to information received through FIDM. However, since FIDM is in the process of being transferred to DCSS, the department would suggest the same exemption be provided in Family Code Section 17453, under which the authority to administer FIDM will be transferred.

LEGISLATIVE HISTORY

AB 2358 (Steinberg, Stats. 2004, Ch. 806) transferred the authority to administer child support collections and the FIDM from FTB to DCSS.

AB 1704 (Assembly Judicial Committee, Stats. 2004, Ch. 339) made clarifying changes to the laws regarding the information obtained through FIDM.

AB 1752 (Assembly Budget Committee, Stats. 2003, Ch. 225) made various changes to the laws regarding child support, including changes regarding the information obtained through FIDM.

OTHER STATES' INFORMATION

Since most other states use FIDM information to assist in the collection of child support, it appears that the information is exempt from any financial privacy acts regardless of the state.

FISCAL IMPACT

This bill would not impact the department's programs or operations.

ECONOMIC IMPACT

This bill would not impact state income tax revenue.

LEGISLATIVE STAFF CONTACT

Rachel Coco
Franchise Tax Board
845-4328
rachel.coco@ftb.ca.gov

Brian Putler
Franchise Tax Board
845-6333
brian.putler@ftb.ca.gov