

**Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement**

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ORIGINAL

Bill Number: HB440

Patron: Mehta

Bill Title: Suspension of driver's licenses; child support and certain unsatisfied judgements; repealed.

Bill Summary: Repeals the suspension of driver's licenses for nonpayment of child support and certain unsatisfied judgments.

Budget Amendment Necessary: Yes

Items Impacted: Item 331

Explanation: The Department of Social Services will require new general fund appropriation to offset the impacts of this legislation, attributable to Item 331 (Child Support Enforcement Services).

Fiscal Summary: The proposed legislation will require significant general fund expenditures on the part of the Department of Social Services (DSS) for which they are not currently appropriated. Any fiscal impact to the Department of Motor Vehicles (DMV) is expected to be minimal and absorbable within existing resources. Both DSS and DMV anticipate that the provisions of this legislation will result in decreased nongeneral fund revenue collections. See table and fiscal analysis below.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DSS (765)	-	\$87,800,000	\$87,800,000	\$87,800,000	\$87,800,000	\$87,800,000
TOTAL	-	\$87,800,000	\$87,800,000	\$87,800,000	\$87,800,000	\$87,800,000

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DSS (765)	-	(\$87,800,000)	(\$87,800,000)	(\$87,800,000)	(\$87,800,000)	(\$87,800,000)
DMV (154)	-	(\$870,000)	(\$870,000)	(\$870,000)	(\$870,000)	(\$870,000)
TOTAL	-	(\$88,670,000)	(\$88,670,000)	(\$88,670,000)	(\$88,670,000)	(\$88,670,000)

Fiscal Analysis: This bill removes the option for the Commissioner of Motor Vehicles to suspend a driver's license for failure to pay a motor vehicle accident judgment and/or associated components of said accident judgment. Additionally, the bill removes the ability of the Department of Social Services (DSS) to request the suspension of an individual's license for failure to pay child support and utilize driver's license suspension as a child support enforcement remedy. Specific impacts for each agency are discussed in detail below.

Department of Social Services (DSS)

Impacts to Federal IV-D Funding

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42 U.S.C. § 666(a)(16) requires that all states maintain laws authorizing license suspension as a child support enforcement option. Further, 42 U.S.C. § 654 (20) requires that states comply with all federal child support enforcement requirements in order to receive federal funding for state child support programs under title IV-D. Because this legislation removes the option for the Commonwealth to utilize license suspension as a child support enforcement mechanism, DSS expects that federal IV-D funding would be at risk due to noncompliance with federal law.

If DSS' child support program is found to be noncompliant with federal law, the federal Office of Child Support Enforcement (OCSE) under the Administration for Children and Families could provide DSS with a Notice of Intent to Disapprove DSS' IV-D state plan. Should OCSE's investigation conclude that DSS' program is noncompliant, DSS would lose access to federal systems and all future federal payments for child support programming under IV-D would be suspended.

In FY 2025, DSS drew down approximately \$87.8 million in federal grant funds for child support enforcement programming. Approximately \$87.8 million in general fund support would be required to offset a potential total loss of IV-D funding that may result from this legislation.

Impacts to Child Support Collections and Aid to Families

DSS anticipates that removing license suspension as an enforcement mechanism would impact state child support collections, as license suspension has historically been an effective mechanism for collecting delinquent payments. Child support collections are both retained for state program administration and also sent as direct support to families. In federal fiscal year 2025, notices of pending license suspension aided in the collection of nearly \$13,272,267. Of this total, \$844,261 was related to Temporary Assistance for Needy Families (TANF) cases and \$12,428,006 was related to non-TANF cases.

A decline in child support collections related to this legislation could increase the number of TANF and Supplemental Nutrition Assistance Program (SNAP) applicants due to reduced household income. This could result in increased benefits payments and/or increased staffing needs at local departments of social services. Because there is no way to reliably estimate a potential increase in the number of applicants for TANF and SNAP associated with this legislation, any potential costs are indeterminate and are not included in the fiscal impact tables.

Impacts to Other DSS Programs

DSS reports that section 402(a)(2) of the Social Security Act provides that the chief executive officer of a state must certify that the state will operate a child support program under an approved IV-D plan as a condition for eligibility for a Temporary Assistance for Needy Families (TANF) block grant under title IV-A of the Act. As stated earlier, DSS anticipates that this legislation may lead to federal disapproval of Virginia's IV-D state plan and result in the suspension of IV-D grant funds. It is unknown how disapproval of the IV-D plan may impact Virginia's eligibility for TANF funds.

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Finally, DSS anticipates that administrative updates will be required to stop the monthly process of sending notices of intent and to change the wording on the administrative support order, resulting in a nongeneral fund impact of roughly \$14,000. It is expected that this cost will be absorbable within existing resources.

Department of Motor Vehicles (DMV)

DMV reports that this legislation eliminates the need for individuals whose licenses are suspended for failure to pay child support to pay a \$145 license reinstatement fee. Currently, \$100 of this fee is deposited to DMV's Virginia Trauma Center Fund, and the remaining \$45 is deposited to the DMV special fund. DMV processes about 500 suspension notices each month for failure to pay child support. If the practice of suspending licenses for failure to pay child support were to cease, the Virginia Trauma Center Fund would experience decreased revenues of about \$600,000 annually, and DMV special fund revenues would decline by about \$270,000.

DMV further anticipates that this legislation will result in new information technology costs estimated at roughly \$5,000; it is expected that these costs will be absorbable within existing resources.

Other: n/a