

# Senate Study Bill 2233

## Conference Committee Text

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1 1 Section 1. Section [252B.1](#), Code 1995, is amended by adding  
1 2 the following new subsection:

1 3 NEW SUBSECTION. 2A. "Collection entity" includes, but is  
1 4 not limited to, the department of revenue and finance or a  
1 5 private collection agency.

1 6 Sec. 2. Section 252B.9, subsection 2, paragraph b, Code  
1 7 1995, is amended by adding the following new subparagraph:

1 8 NEW SUBPARAGRAPH. (4) Records relating to the  
1 9 administration, collection, and enforcement of collection  
1 10 services center charges pursuant to sections 252B.16A,  
1 11 252B.16B, and 598.22A and surcharges pursuant to section  
1 12 252B.22 which are recorded by the unit or a collection entity  
1 13 shall be confidential records except that information, as  
1 14 necessary for child support collection and enforcement, may be  
1 15 provided to other governmental agencies, the obligor or the  
1 16 resident parent, or a collection entity under contract with  
1 17 the department pursuant to section 252B.16C or 225B.22 unless  
1 18 otherwise prohibited by federal law. A collection entity  
1 19 under contract with the unit shall use the information  
1 20 obtained only for the purposes of fulfilling the duties  
1 21 required under the contract, and shall disclose any records  
1 22 obtained by the collection entity to the unit for use in  
1 23 support establishment and enforcement.

1 24 Sec. 3. Section [252B.13A](#), Code 1995, is amended to read as  
1 25 follows:

1 26 252B.13A COLLECTION SERVICES CENTER.

1 27 The department shall establish within the unit a collection  
1 28 services center for the receipt and disbursement of support  
1 29 payments as defined in section 598.1 as required for orders by  
1 30 section 252B.14. For purposes of this section, support  
1 31 payments do not include attorney fees, court costs, or  
1 32 property settlements. The center may also receive collection  
1 33 services center charges as provided in sections 252B.16A,  
1 34 252B.16B, and 598.22A and the surcharge as provided in section  
1 35 252B.22.

2 1 Sec. 4. NEW SECTION. 252B.16A COLLECTION SERVICES CENTER  
2 2 - SERVICE CHARGE - JUDGMENT OR ORDER.

2 3 1. Beginning January 1, 1997, all initial orders or  
2 4 judgments entered under chapter 252A, 252C, 252F, 598, or  
2 5 600B, or any other chapter, which may provide for temporary or  
2 6 permanent support payments which are directed to the  
2 7 collection services center pursuant to sections 252B.14  
2 8 through 252B.16 at the time the order is entered or at a time  
2 9 subsequent to the initial entry of the order, are subject to a  
2 10 service charge of five dollars per month to be paid by the  
2 11 obligor. The payment of the charge is due on the last day of  
2 12 each calendar month in which a current support obligation is  
2 13 due and payable to the collection services center. The  
2 14 service charge does not apply to any order or judgment for  
2 15 support entered pursuant to section 234.39, subsections 1 and  
2 16 2.

2 17 2. All orders and judgments described in subsection 1  
2 18 shall comply with all of the following:

2 19 a. Provide that if support payments pursuant to the order  
2 20 or judgment are directed to the collection services center at  
2 21 the time the order or judgment is entered or at a time

2 22 subsequent to entry of the initial order of judgment, in  
2 23 accordance with sections 252B.14 through 252B.16, the service  
2 24 charge shall be applied.

2 25 b. Direct that the service charge shall be paid to the  
2 26 collection services center by the obligor.

2 27 c. State that if the amount of the service charge is  
2 28 changed, this section is constructive notice to the obligor  
2 29 that changes in the amount of the service charge may occur,  
2 30 that the change is effective as of the effective date of the  
2 31 statutory change, and that further notice is not required.

2 32 d. State that the obligor's social security number and any  
2 33 other appropriate information shall be provided to the  
2 34 collection services center or the collection entity as defined  
2 35 in section 252B.1 for the purposes of administering and  
3 1 enforcing the service charge.

3 2 3. If the order or judgment requires current support to be  
3 3 paid in periodic payments less frequently than once a month,  
3 4 the service charge shall be due on the last day of each  
3 5 calendar month covered by a periodic payment.

3 6 4. This section is constructive notice to the obligor of  
3 7 any changes in the amount of the service charge and further  
3 8 notice is not required.

3 9 5. The service charge shall not be applied in cases  
3 10 involving dependent benefits paid to the child support obligee  
3 11 as the result of disability benefits awarded to the obligor  
3 12 under the federal Social Security Act, as authorized pursuant  
3 13 to section 598.22.

3 14 6. The service charge is in addition to any support  
3 15 obligation and other fees, charges, or surcharges provided by  
3 16 law.

3 17 Sec. 5. NEW SECTION. 252B.16B COLLECTION SERVICES CENTER  
3 18 - CHARGES FOR DELINQUENCY.

3 19 1. Beginning January 1, 1997, the director shall require  
3 20 the payment by the obligor of a delinquency charge of ten  
3 21 dollars per month. The delinquency charge is applicable to  
3 22 all support orders for which the collection services center  
3 23 has the responsibility for receiving and disbursing support  
3 24 payments in accordance with sections 252B.14 through 252B.16,  
3 25 including any order entered prior to January 1, 1997.

3 26 2. Beginning January 1, 1997, an obligor shall pay a  
3 27 delinquency charge in the amount provided pursuant to  
3 28 subsection 1 on or before the last day of each month beginning  
3 29 in the month in which all of the following apply and for each  
3 30 subsequent month until all support due under the support order  
3 31 has been paid:

3 32 a. The obligor meets the delinquency criteria for income  
3 33 withholding pursuant to section 252D.1.

3 34 b. The obligor has been provided notice pursuant to  
3 35 subsection 3.

4 1 3. a. Notice shall be provided to the obligor of the  
4 2 provisions of this section in accordance with one of the  
4 3 following:

4 4 (1) In the order establishing or modifying the support  
4 5 obligation. The unit or the district court shall include the  
4 6 notice in any new or modified support order issued on or after  
4 7 January 1, 1997.

4 8 (2) Through notice sent by the unit by regular mail to the  
4 9 last known address of the obligor.

4 10 b. The notice shall contain all of the following:

4 11 (1) A statement of the delinquency criteria pursuant to  
4 12 section 252D.1, and a directive that if the collection  
4 13 services center delinquency charge in the amount stated in  
4 14 subsection 1 becomes due, the charge is to be paid to the  
4 15 collection services center by the obligor.

4 16 (2) A statement that if the amount of the delinquency  
4 17 charge is changed, this section is constructive notice to the  
4 18 obligor that changes in the amount of the delinquency charge

4 19 may occur, that the charge is effective upon the effective  
4 20 date of the statutory change, and that further notice is not  
4 21 required.

4 22 (3) A statement that the obligor's social security number  
4 23 and any other appropriate information may be provided to the  
4 24 collection services center or a collection entity for the  
4 25 purposes of administering and enforcing the delinquency charge  
4 26 requirements.

4 27 4. a. If payment of a delinquency charge is required  
4 28 pursuant to subsection 2, the unit shall send the obligor a  
4 29 notice to pay the delinquency charge by regular mail to the  
4 30 last known address of the obligor, with proof of service  
4 31 completed according to R.C.P. 82. The notice to pay shall be  
4 32 sent at least fifteen days after notice is provided pursuant  
4 33 to subsection 3. The notice to pay shall include all of the  
4 34 following:

4 35 (1) A statement that the obligor may request a review with  
5 1 the unit to contest the action based upon mistake of fact.

5 2 (2) A statement that the request for review shall be made  
5 3 to the unit in writing and shall be received by the unit  
5 4 within twenty days of the date of the notice to pay.

5 5 (3) A statement that the unit shall issue a written  
5 6 decision within five days after a review.

5 7 (4) A statement that the obligor may request a hearing by  
5 8 sending a written request for a hearing to the office of the  
5 9 unit which issued the notice. The request shall be received  
5 10 by the office of the unit which issued the notice within ten  
5 11 days of the date of the written decision to challenge the  
5 12 charge. Following receipt of the written request, the office  
5 13 of the unit which receives the request shall certify the  
5 14 matter for hearing in the district court in which the  
5 15 underlying support order is filed.

5 16 (5) A statement that the only grounds for a hearing shall  
5 17 be mistake of fact.

5 18 b. For the purposes of this section, "mistake of fact"  
5 19 means a mistake in the identity of the obligor or a mistake as  
5 20 to whether the requirements for payment under subsection 2  
5 21 have occurred.

5 22 c. If the obligor requests a review or court hearing under  
5 23 this section, application and enforcement of the delinquency  
5 24 charge shall be stayed pending the decision of the unit or the  
5 25 court.

5 26 5. Actions of the unit under this section shall not be  
5 27 subject to contested case proceedings or further review  
5 28 pursuant to chapter 17A and any resulting court hearing shall  
5 29 be an original hearing before the district court.

5 30 6. The delinquency charge is in addition to any support  
5 31 obligation and any other fees, charges, or surcharges provided  
5 32 by law.

5 33 Sec. 6. NEW SECTION. 252B.16C COLLECTION SERVICES CENTER  
5 34 CHARGES - COLLECTION ENTITY - ENFORCEMENT.

5 35 1. The unit may administer, enforce, and collect the  
6 1 charges or the department may contract with a collection  
6 2 entity to administer, enforce, and collect the collection  
6 3 services center charges, including the charges required  
6 4 pursuant to sections 252B.16A, 252B.16B, and 598.22B, and may  
6 5 exchange information with other agencies and parties, as  
6 6 necessary, unless otherwise prohibited by federal law.

6 7 a. If the department enters into a contract with a  
6 8 collection entity, the contract may provide that a portion of  
6 9 the charges collected and deposited in the general fund of the  
6 10 state may be expended to compensate the collection entity. If  
6 11 the department contracts with the department of revenue and  
6 12 finance as the collection entity, the department shall  
6 13 transfer a portion of the charges collected in an amount which  
6 14 is the actual administrative costs of the program to the  
6 15 department of revenue and finance.

6 16 b. Any computer or software programs developed, and any  
6 17 records of or related to the administration, enforcement,  
6 18 payment, and collection of the charges, used in performance of  
6 19 the contract, shall remain the property of the department.

6 20 c. The collection services center shall provide  
6 21 information to a collection entity under contract with the  
6 22 department to the extent necessary to fulfill the requirements  
6 23 of the contract unless otherwise prohibited by federal law.

6 24 d. A contract to administer, enforce, and collect charges  
6 25 may include the authority to issue statements of satisfaction  
6 26 of the charges on behalf of the state.

6 27 e. Notwithstanding section 13.7, the collection entity may  
6 28 retain an attorney to collect the charges.

6 29 2. The collection services center charges shall be  
6 30 deposited in the general fund of the state. Any compensation  
6 31 provided under a contract entered into with a collection  
6 32 entity may be paid through expenditure of the charges  
6 33 deposited in the general fund of the state.

6 34 3. The collection services center shall send notice by  
6 35 regular mail to the obligor of the appropriate address to  
7 1 which a payment shall be sent or delivered.

7 2 4. Copies of records of charges maintained by the  
7 3 collection entity or the department, when certified over the  
7 4 signature of a designated employee of the entity or the  
7 5 department, shall be considered satisfactorily identified and  
7 6 shall be admitted in any proceeding as prima facie evidence of  
7 7 the transactions. Additional proof of the official character  
7 8 of the person certifying the record or the authenticity of the  
7 9 person's signature is not required. If an employee of the  
7 10 collection entity or the department is served with a summons,  
7 11 subpoena, subpoena duces tecum, or order directing the  
7 12 employee to produce a record, the employee may comply by  
7 13 transmitting a copy of the payment records certified in  
7 14 accordance with this subsection to the clerk of the district  
7 15 court.

7 16 5. Notwithstanding any other provision of law to the  
7 17 contrary, the unit may collect the charges required pursuant  
7 18 to sections 252B.16A, 252B.16B, and 598.22B using any legal  
7 19 means by which support payments may be collected, including  
7 20 but not limited to income withholding procedures pursuant to  
7 21 chapter 252D, unless prohibited by federal law. Any priority  
7 22 or provision of law applicable to a withholding order for  
7 23 child support shall also apply to a withholding order for the  
7 24 charges required pursuant to sections 252B.16A, 252B.16B, and  
7 25 598.22B entered by the unit unless prohibited by federal law.

7 26 6. Charges required pursuant to sections 252B.16A,  
7 27 252B.16B, and 598.22B shall be an automatic judgment against  
7 28 the obligor.

7 29 7. The director or the director's designee may file a  
7 30 notice of the charges imposed with the clerk of the district  
7 31 court in the county in which the underlying support order is  
7 32 filed. Upon filing the clerk shall enter the amount of the  
7 33 charges on the lien index.

7 34 Sec. 7. Section 252B.20, subsection 7, paragraph c, Code  
7 35 1995, is amended to read as follows:

8 1 c. Support and service charges established pursuant to  
8 2 sections 252B.16A and 598.22B which became due during the  
8 3 period of suspension but prior to the reinstatement are waived  
8 4 and not due and owing unless the parties requested and agreed  
8 5 to the suspension under false pretenses.

8 6 Sec. 8. NEW SECTION. 252B.22 ARREARAGE COLLECTION.

8 7 1. Beginning January 1, 1997, the unit may enter into a  
8 8 contract and submit support orders for which the collection  
8 9 services center has responsibility for receiving and  
8 10 disbursing support payments pursuant to sections 252B.14  
8 11 through 252B.16, including support orders for which the center  
8 12 had such responsibility prior to January 1, 1997, to a

8 13 collection entity for collection of arrearages. This  
8 14 collection procedure is in addition to and not a substitute  
8 15 for any other legal means by which support payments or charges  
8 16 may be collected and the unit shall continue other appropriate  
8 17 enforcement actions.

8 18 2. a. Notice that the unit may refer cases to a  
8 19 collection entity pursuant to this section shall be provided  
8 20 to an obligor in accordance with one of the following:

8 21 (1) In the order establishing or modifying the support  
8 22 obligation. The unit or district court shall include notice  
8 23 in any new or modified support order issued on or after  
8 24 January 1, 1997.

8 25 (2) Through notice sent by the unit by regular mail to the  
8 26 last known address of the support obligor.

8 27 b. The notice shall also advise that the obligor's social  
8 28 security number and any other appropriate information may be  
8 29 provided to the collection entity for purposes of  
8 30 administering and enforcing the surcharge required pursuant to  
8 31 subsection 6.

8 32 3. A case submitted for referral pursuant to this section  
8 33 shall meet all of the following criteria:

8 34 a. The arrearages owed shall be based on a court or  
8 35 administrative order which establishes the support obligation.

9 1 b. The case shall be for collection of arrearages only, in  
9 2 cases in which current support is no longer accruing and as to  
9 3 which payment, with the exception of an income tax refund  
9 4 offset, has not been made within the three months preceding  
9 5 the date of the notice required in paragraph "d".

9 6 c. The obligor was provided notice pursuant to subsection  
9 7 2 not less than fifteen days prior to sending the notice of  
9 8 referral pursuant to paragraph "d".

9 9 d. The unit shall send notice of referral to the obligor  
9 10 by regular mail to the obligor's last known address, with  
9 11 proof of service completed according to R.C.P. 82, at least  
9 12 thirty days prior to the date the case is referred. The  
9 13 notice shall inform the obligor of all of the following:

9 14 (1) The case shall be referred to a collection entity.

9 15 (2) Upon referral, a surcharge equal to thirty percent of  
9 16 the amount of the support arrearage shall be due and payable  
9 17 by the obligor.

9 18 (3) The obligor may contest the referral by submitting a  
9 19 written request for review to the unit within twenty days of  
9 20 the date of the notice of referral.

9 21 (4) The right to contest the referral is limited to a  
9 22 mistake of fact, which includes a mistake in the identity of  
9 23 the obligor, a mistake as to whether the requirements for  
9 24 referral under this subsection have occurred, or a mistake in  
9 25 the amount of the arrearages.

9 26 (5) The unit shall issue a written decision within five  
9 27 days after a review.

9 28 (6) The obligor may request a hearing to challenge the  
9 29 surcharge by sending a written request for a hearing to the  
9 30 office of the unit which issued the notice. The request shall  
9 31 be received by the office of the unit which issued the notice  
9 32 within ten days of the date of the unit's written decision.  
9 33 The only grounds for a hearing shall be mistake of fact.

9 34 Following receipt of the written request, the office of the  
9 35 unit which receives the request shall certify the matter for  
10 1 hearing in the district court in which the underlying support  
10 2 order is filed.

10 3 (7) The address of the collection services center for  
10 4 payment.

10 5 4. If the obligor requests a review or court hearing  
10 6 pursuant to this section, referral of the support order shall  
10 7 be stayed pending the decision of the unit or the court.

10 8 5. Actions of the unit under this section shall not be  
10 9 subject to contested case proceedings or further review

10 10 pursuant to chapter 17A and any resulting court hearing shall  
10 11 be an original hearing before the district court.

10 12 6. If an obligor does not contest the referral or if  
10 13 following the unit's review and any court hearing the unit or  
10 14 court does not find a mistake of fact, the support order shall  
10 15 be referred to a collection entity. For a support order  
10 16 referred to a collection entity, the obligor shall pay a  
10 17 surcharge equal to thirty percent of the amount of the support  
10 18 arrearage due as of the date of the referral. The surcharge  
10 19 is in addition to the arrearages and any other fees or charges  
10 20 owed, and shall be enforced by the collection entity as  
10 21 provided under this section. Upon referral to the collection  
10 22 entity the surcharge shall be an automatic judgment and the  
10 23 collection entity may use any legal means by which support  
10 24 payments or charges may be collected to collect the surcharge,  
10 25 unless prohibited by federal law.

10 26 7. The director or the director's designee may file a  
10 27 notice of the surcharge with the clerk of the district court  
10 28 in the county in which the underlying support order is filed.  
10 29 Upon filing, the clerk shall enter the amount of the surcharge  
10 30 on the lien index.

10 31 8. After a support arrearage is referred to a collection  
10 32 entity, the surcharge shall be due and owing notwithstanding  
10 33 satisfaction of the support obligation or whether the  
10 34 collection entity is enforcing a support arrearage. However,  
10 35 the unit may waive payment of all or a portion of the  
11 1 surcharge if waiver will facilitate the collection of the  
11 2 support arrearage.

11 3 9. Any amount collected which is to be credited to the  
11 4 support arrearage shall be forwarded to the obligee unless  
11 5 otherwise assigned. Notwithstanding any provision of law to  
11 6 the contrary, any amounts collected as payment of the  
11 7 surcharge shall be deposited in the general fund of the state.  
11 8 If the department enters into a contract with a collection  
11 9 entity and the contract provides for compensation of the  
11 10 collection entity, compensation shall be paid by expenditure  
11 11 of the surcharge amounts deposited in the general fund of the  
11 12 state. If the compensation amount is in an amount which is  
11 13 less than the thirty percent surcharge rate, the difference  
11 14 between the compensation rate and the thirty percent surcharge  
11 15 rate which is collected shall be retained in the general fund  
11 16 of the state.

11 17 10. Any computer or software programs developed and any  
11 18 records used in relation to a contract with a collection  
11 19 entity shall remain the property of the department.

11 20 11. Notwithstanding section 13.7, the collection entity  
11 21 may retain an attorney to collect the arrearages and  
11 22 surcharge.

11 23 Sec. 9. NEW SECTION. 598.22B COLLECTION SERVICES CENTER  
11 24 SERVICE CHARGE - NOTICE OF DELINQUENCY CHARGE AND ARREARAGE  
11 25 SURCHARGE - JUDGMENT OR ORDER.

11 26 1. Beginning January 1, 1997, all initial orders or  
11 27 judgments entered under this chapter, chapter 252A, 252C,  
11 28 252F, or 600B, or any other chapter, which may provide for  
11 29 temporary or permanent support payments which are directed to  
11 30 the collection services center pursuant to sections 252B.14  
11 31 through 252B.16 are subject to a service charge of five  
11 32 dollars per month. The service charge shall be applied to the  
11 33 support payment and payment of the charge is due and payable  
11 34 by the obligor to the collection services center. The service  
11 35 charge does not apply to any order or judgment for support  
12 1 entered pursuant to section 234.39, subsections 1 and 2. All  
12 2 orders and judgments described in this subsection shall comply  
12 3 with the provisions of section 252B.16A.

12 4 2. Beginning January 1, 1997, the delinquency charge  
12 5 established in section 252B.16B and the arrearage charge and  
12 6 collection provision established in section 252B.22 are

12 7 applicable to all support orders for which the collection  
12 8 services center has the responsibility for receiving and  
12 9 disbursing support payments pursuant to sections 252B.14  
12 10 through 252B.16, including any order entered prior to January  
12 11 1, 1997. Any order entered or modified on or after January 1,  
12 12 1997, shall comply with the provisions of sections 252B.16B  
12 13 and 252B.22.

12 14 Sec. 10. Section [642.21](#), subsection 1, unnumbered  
12 15 paragraph 1, Code 1995, is amended to read as follows:

12 16 The disposable earnings of an individual are exempt from  
12 17 garnishment to the extent provided by Title III of the federal  
12 18 Consumer Credit Protection Act,

~~Title III,~~  
~~- 15 U.S.C.~~

~~secs.~~

~~- 1~~

12 19 1671-1677 (1982). The maximum amount of an employee's  
12 20 earnings which may be garnished during any one calendar year  
12 21 is two hundred fifty dollars for each judgment creditor,  
12 22 except as provided in chapter 252D and sections 598.22,  
12 23 598.23, and 627.12, or when garnishment is for the purpose of  
12 24 payment of the charges or surcharge established pursuant to  
12 25 section 252B.16A, 252B.16B, 252B.22, or 598.22A, or when those  
12 26 earnings are reasonably expected to be in excess of twelve  
12 27 thousand dollars for that calendar year as determined from the  
12 28 answers taken by the sheriff or by the court pursuant to  
12 29 section 642.5, subsection 4. When the employee's earnings are  
12 30 reasonably expected to be more than twelve thousand dollars  
12 31 the maximum amount of those earnings which may be garnished  
12 32 during a calendar year for each creditor is as follows:

12 33 Sec. 11. CURRENT ANNUAL FEE - ELIMINATION. Beginning  
12 34 July 1, 1996, the child support recovery unit shall cease  
12 35 assessment and collection of the cost recovery charge provided  
13 1 for by rule of the department. Any cost recovery charges  
13 2 assessed prior to July 1, 1996, which are unpaid on July 1,  
13 3 1996, are no longer due.

13 4 EXPLANATION

13 5 This bill establishes two new charges and one new surcharge  
13 6 for services provided in the enforcement of child support  
13 7 orders for which payments are processed by the department of  
13 8 human services collection services center. The new charges  
13 9 and surcharges are effective January 1, 1997, and are payable  
13 10 by the support obligor.

13 11 The charges include:

13 12 1. A \$5 per month service charge due for each month a  
13 13 current support obligation is due and payable to the  
13 14 collection services center. The charge is applicable only to  
13 15 new orders entered on or after January 1, 1997, for which  
13 16 payment is directed to the collection services center and the  
13 17 order is to include a notice to the obligor of this charge.

13 18 2. A \$10 per month delinquency charge for every order  
13 19 processed by the collection services center, due each month  
13 20 until all support under the order is paid. The new charge is  
13 21 applicable beginning January 1, 1997, and an initial notice  
13 22 will be sent to all obligors with a second notice to be sent  
13 23 if the charge is imposed on a specific order. The bill  
13 24 provides that an obligor may request a review and district  
13 25 court hearing based upon a mistake in fact.

13 26 3. A surcharge of 30 percent which would be applied to  
13 27 support cases in which only arrearages are due, and which the  
13 28 child support recovery unit refers to a collection entity to  
13 29 enforce. A support order would only be referred to a  
13 30 collection entity if current support is no longer due and if  
13 31 there has been no payment, with the exception of an income tax  
13 32 refund offset, in the prior three-month period. The bill

13 33 requires that notice be sent to all obligors to advise  
13 34 obligors of the surcharge, and that a second notice be sent to  
13 35 an obligor if the case is actually to be referred to a  
14 1 collection entity and the surcharge is to be imposed. The  
14 2 bill provides that the obligor may challenge the imposition of  
14 3 the surcharge by requesting a review or a district court  
14 4 hearing.

14 5 The child support recovery unit may use income withholding  
14 6 or other existing enforcement procedures to collect the  
14 7 charges.

14 8 The bill provides that the department of human services may  
14 9 also contract with the department of revenue and finance or a  
14 10 private collection entity to administer and collect the  
14 11 service and delinquency charges. The collection entity would  
14 12 be compensated with a portion of the charges collected and  
14 13 deposited in the general fund of the state.

14 14 Additionally, with relation to arrearages collected, the  
14 15 obligee would receive the support arrearages collected and the  
14 16 collection entity would be compensated from a portion of the  
14 17 30 percent surcharge collected and deposited in the general  
14 18 fund of the state. The bill also provides for the elimination  
14 19 of the annual cost recovery charge currently assessed and  
14 20 collected by rule of the department. The bill provides that  
14 21 beginning July 1, 1996, this charge shall no longer be  
14 22 assessed or collected and any outstanding charges are no  
14 23 longer due.

14 24 BACKGROUND STATEMENT  
14 25 SUBMITTED BY THE AGENCY

14 26 In Senate File 431, as enacted in 1995 Iowa Acts, chapter  
14 27 115, section 13, the general assembly directed the child  
14 28 support recovery unit (CSRU) of the department of human  
14 29 resources (DHS) to evaluate and submit a report which included  
14 30 recommendations for alternatives to payment of the \$10.65  
14 31 annual fee by nonpublic assistance recipients of child support  
14 32 services. The CSRU report to the general assembly was  
14 33 completed under contract with Iowa state university.

14 34 This proposal incorporates the recommendations of that  
14 35 report and includes a charge structure which does the  
15 1 following:

15 2 1. Supports the goals of the child support program,  
15 3 including incorporating progressively more severe or demanding  
15 4 consequences in order to encourage voluntary payments.

15 5 2. Reflects the primary premise behind a child support fee  
15 6 structure, that child support orders and payment processing  
15 7 are not services provided to the population as a whole;  
15 8 therefore, more of the costs should be borne by those subject  
15 9 to child support orders, and especially by those who become  
15 10 delinquent, thus prompting additional government services.

15 11 The bill provides for the imposition and enforcement of two  
15 12 new charges and one new surcharge related to child support  
15 13 orders for which payments are processed by the DHS collection  
15 14 services center (CSC). The new charges and surcharge become  
15 15 effective January 1, 1997, are payable by obligors, and are  
15 16 intended to defray the costs of the state related to  
15 17 maintaining and enforcing support orders.

15 18 One of the new charges is a \$5 per month service charge due  
15 19 for each month a current support obligation is due and payable  
15 20 to the CSC. The charge shall only be applied to new orders  
15 21 entered on or after January 1, 1997. The support order shall  
15 22 include language advising the obligor of this charge.

15 23 Effective January 1997, once a support payment is  
15 24 delinquent, a CSC delinquency charge of \$10 per month shall  
15 25 also be applied for every order being processed by the  
15 26 collection services center. This monthly charge shall be due  
15 27 each month until all support under the order has been paid.  
15 28 The obligor shall be sent a notice advising the obligor that  
15 29 this charge may be imposed, and a second notice shall be sent

15 30 if the \$10 monthly charge is actually imposed. The obligor  
15 31 may request a review and a district court hearing prior to  
15 32 application and enforcement of the charge.

15 33 The CSRU may use income withholding or other procedures  
15 34 allowed by law to collect the charges.

15 35 The bill provides that DHS may also contract with the  
16 1 department of revenue and finance (DoRF) or another collection  
16 2 entity to administer and collect the above service and  
16 3 delinquency charges. The collecting entity shall be  
16 4 compensated with a portion of the charges collected which are  
16 5 deposited in the general fund of the state.

16 6 The third new assessment is a 30 percent surcharge which  
16 7 shall apply to hard-to-collect, arrearage-only support cases  
16 8 which CSRU refers to another collection entity to enforce. A  
16 9 support arrearage may only be referred to another collection  
16 10 entity if current support is no longer due and there has been  
16 11 no payment, except tax refund offset, in the prior three-month  
16 12 period. The obligor shall be sent a notice advising the  
16 13 obligor that the case may be referred and of the surcharge  
16 14 imposed, and a second notice if the case actually is to be  
16 15 referred and the surcharge imposed. The obligor may request a  
16 16 review and a district court hearing to challenge the  
16 17 application and enforcement of the 30 percent surcharge.

16 18 The obligee shall receive the support arrears collected.  
16 19 The collection entity shall be compensated from a portion of  
16 20 the 30 percent surcharge amounts collected which are deposited  
16 21 in the general fund of the state.

16 22 LSB 3297DP 76

16 23 pf/jw/5