

HOUSE RESEARCH

Bill Summary

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Overview

This bill makes technical changes, adds clarifying language, adds a definition of "modified gross income," adds circumstances in which an existing order may be modified, and modifies calculations in the child support law.

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1 **Scope; payment to public agency.** Amends §518.551, by adding subdivision 1a.

Paragraph (a). Provides that this section applies to all proceedings involving a support order.

Paragraph (b). Requires the court to direct all support and maintenance payments to be made to the public agency as long as the obligee is receiving or has applied for public assistance, or has applied for child support or maintenance collection services.

Paragraph (c). States that payments made to the public authority, other than those made under section 518.6111 (income withholding) must be credited as of the date the payment is received by the central collection unit.

Paragraph (d). Provides that amounts received by the public agency greater than the amount granted to the obligee must be remitted to the obligor.

2 **Failure of notice.** Amends §518.551, subdivision 6. Updates cross reference.

3 **Six-month review.** Amends Laws 2005, chapter 164, section 4. Clarifies that a six-month review can be requested only when a decree or order is signed on or after January 1, 2007.

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- 4 Support order.** Amends Laws 2005, chapter 164, section 5, subdivision 4a. Adds that a support order includes an order for the maintenance of a spouse or former spouse.
- 5 Obligor.** Amends Laws 2005, chapter 164, section 5, subdivision 8. Updates a cross reference. Deletes the reference to the cost-of-living adjustment related to medical support orders.
- 6 Parental income for child support (PICS).** Amends Laws 2005, chapter 164, section 5, subdivision 15. States that parental income for child support means modified gross income.
- 7 Gross income; modified gross income.** Amends Laws 2005, chapter 164, section 5, subdivision 18. Changes the definition of "gross income" to mean that which is calculated under section 518.7123. Adds the definition of "modified gross income." Modified gross income means:

- The gross income of the parent; plus
- For a parent to whom Social Security benefits or veterans' benefits are paid, the amount of any such benefits received by or on behalf of the child pursuant to section 518.718;
- Spousal maintenance that the parent has been ordered to pay; minus
- The amount of any existing child support order for other nonjoint children.

This definition deletes adding the potential income of the parent to the calculation of modified gross income.

- 8 Social security benefits.** Amends Laws 2005, chapter 164, section 5, subdivision 25. Clarifies social security benefits that are to be included in income. Excludes Supplemental Security Income benefits received by a parent for the parent's benefit or by a parent due to the disability of a child.
- 9 Providing income information.** Amends Laws 2005, chapter 164, section 8. Adds a reference to section 518.7123.
- 10 Modification.** Amends Laws 2005, chapter 164, section 10.
- Corrects cross references.
 - Adds that in cases where the child support order is less than \$75, it will be considered a substantial change in circumstances if a newly calculated court order results in at least a 20 percent higher or lower obligation than the existing order. In the case of low income obligors, this deletes the requirement that the change be at least 20 percent and at least \$75 higher or lower than the existing order.
 - Adds three conditions under which a child support order may be modified during the first year following the effective date of this law:
 - **Receipt of public assistance by a parent or another caregiver of the child supported by the existing support order;**
 - **The addition of work-related or education-related child care expenses of the**

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obligee or a substantial increase or decrease in existing expenses; or

• **A change in the availability of health care coverage or a substantial increase or decrease in the cost of existing health care coverage.**

- Provides that a modification of child care costs may only be granted the respect to child care support and that a modification to the cost of health care coverage costs may only be granted with respect to the medical support obligation.

- 11 Calculation of gross income.** Amends Laws 2005, chapter 164, section 14. Adds royalties and rent to the calculation of gross income. Clarifies that Social Security benefits received on the recipient's behalf are also calculated into gross income. Adds that potential income is considered gross income.
- 12 Income from self-employment or operation of a business.** Amends Laws 2005, chapter 164, section 15. Deletes rent and royalties from gross receipts.
- 13 Computation of child support obligations.** Amends Laws 2005, chapter 164, section 16. Changes the computation to include consideration of gross income and modified gross income. Deletes the calculation for the amount of health care coverage contribution paid by or on behalf of the other parent.
- 14 Written findings.** Amends Laws 2005, chapter 164, section 18. Adds that in its written findings the court must address each parent's gross income, each parent's modified gross income and each parent's parental income for child support.
- 15 Nonjoint children.** Amends Laws 2005, chapter 164, section 20. Adds that modified gross income is to be considered in the calculations.
- 16 Social security or veteran's benefit payments received on behalf of the child.** Amends Laws 2005, chapter 164, section 21. Adds that modified gross income is to be considered in the calculations.
- 17 Order.** Amends Laws 2005, chapter 164, section 22, subdivision 2. Deletes the requirement that court orders state whether the amount ordered for medical support is subject to a cost-of-living adjustment.
- 18 Determining appropriate health care coverage.** Amends Laws 2005, chapter 164, section 22, subdivision 3. Clarifies that dependent health care coverage is presumed comprehensive if it includes medical and hospital coverage and provides for preventive, emergency, acute, and chronic care.
- 19 Ordering health care coverage.** Amends Laws 2005, chapter 164, section 22, subdivision 4. Deletes the presumption that no less than \$50 per month must be applied to the actual health care costs of the joint children or to the cost of health care coverage.
- 20 Offset.** Amends Laws 2005, chapter 164, section 22, subdivision 16. States that if a party does not request a hearing, the public authority administratively can remove the offset if the child's health care coverage is terminated. Makes stylistic changes.
- 21 Collecting unreimbursed or uninsured medical expenses.** Amends Laws 2005, chapter 164, section 22, subdivision 17. Clarifies language and process of collecting unreimbursed or uninsured medical expenses. Changes made in paragraphs (a) and (b).

Paragraph (a). Adds that this subdivision and subdivision 18 apply when there is a court order that has apportioned contributions for unreimbursed or uninsured medical expenses.

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Paragraph (b). Clarifies language. Adds that if a court order has been signed apportioning expenses, a two-year limitation provision must be applied to any requests made on or after January 1, 2007. States that this applies retroactively to orders signed prior to January 1, 2007. Provides that requests made after January 1, 2007, may include expenses going back no further than January 1, 2005.

- 22 Enforcing unreimbursed or uninsured medical expenses as arrears.** Amends Laws 2005, chapter 164, section 22, subdivision 18. Clarifies that unreimbursed or uninsured medical expenses are collected as arrears.
- 23 Parenting expense adjustment.** Amends Laws 2005, chapter 164, section 24. Clarifies language.
- 24 Ability to pay; self-support adjustment.** Amends Laws 2005, chapter 164, section 25. Revises calculations regarding ability to pay and the self-support adjustment.
- 25 Repealer.** Amends Laws 2005, chapter 164, section 31. Deletes section 518.54, subdivision 2, 4, and 4a from the repealer.
- 26 Effective date.** Amends Laws 2005, chapter 164, section 32, effective date. Provides that this act is effective January 1, 2007, unless otherwise indicated. States that the provisions of the act apply to support orders in effect prior to January 1, 2007, except the provisions used to calculate support obligations apply to actions or motions filed after January 1, 2007. States the provisions of the act used to calculate support obligations apply to actions or motions for past support and reimbursement filed after January 1, 2007. Provides that sections 1 to 3 of the act are effective July 1, 2005.
- 27 Revisor's instruction.**
- 28 Repealer.** Repeals Laws 2005, chapter 164, section 12 (child support debt and arrearage management).