CHAPTER 157

CHILDREN AND DOMESTIC MATTERS

HOUSE BILL 16-1165

BY REPRESENTATIVE(S) Becker K. and Landgraf, Duran, Fields, Kraft-Tharp, Lontine, Mitsch Bush, Ryden, Young, Danielson, Pettersen, Priola, Vigil; also SENATOR(S) Crowder, Guzman, Heath, Kefalas, Kerr, Merrifield, Newell, Todd, Ulibarri.

AN ACT

CONCERNING STATUTORY CHANGES BASED ON THE RECOMMENDATIONS IN THE REPORT OF THE 2013-2015 COLORADO CHILD SUPPORT COMMISSION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 10-3-1115, **add** (7) as follows:

10-3-1115. Improper denial of claims - prohibited - definitions - severability. (7) The provisions of this section and section 10-3-1116 do not apply to any claim payment that is delayed or denied because of the insurer's participation in the child support enforcement mechanism established in section 26-13-122.7, C.R.S.

SECTION 2. In Colorado Revised Statutes, 14-10-122, **amend** (1.5) (c) (I) as follows:

14-10-122. Modification and termination of provisions for maintenance, support, and property disposition - automatic lien. (1.5) (c) Lien on personal property other than wages, insurance claim payments, awards, and settlements, and moneys held by a financial institution as defined in 42 U.S.C. sec. 669a (d) (1) or motor vehicles. (I) To evidence a lien on personal property, other than wages; INSURANCE CLAIM PAYMENTS, AWARDS, AND SETTLEMENTS AS AUTHORIZED IN SECTION 26-13-122.7, C.R.S.; and moneys held by a financial institution as defined in 42 U.S.C. sec. 669a (d) (1) or motor vehicles, created pursuant to this subsection (1.5), the state child support enforcement agency shall file a notice of lien with the secretary of state by means of direct electronic data transmission. From the time of filing the notice of lien with the secretary of state, such the lien shall be is an encumbrance in favor of the obligee, or the assignee of

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

the obligee, and shall encumber ENCUMBERS all personal property or any interest of the obligor in any personal property.

SECTION 3. In Colorado Revised Statutes, add 26-13-122.7 as follows:

- 26-13-122.7. Administrative lien and attachment of insurance claim payments, awards, and settlements - reporting - rules. (1) (a) THE STATE CHILD SUPPORT ENFORCEMENT AGENCY, OR ITS AGENT, MAY ISSUE A NOTICE OF ADMINISTRATIVE LIEN AND ATTACHMENT TO ANY PERSON, INSURANCE COMPANY, OR AGENCY TO ATTACH INSURANCE CLAIM PAYMENTS, AWARDS, OR SETTLEMENTS DUE TO AN OBLIGOR WHO IS RESPONSIBLE FOR THE PAST-DUE SUPPORT OF A CHILD OR CHILDREN ON WHOSE BEHALF AN OBLIGEE IS RECEIVING SERVICES FROM THE STATE'S CHILD SUPPORT ENFORCEMENT AGENCY OR A DELEGATE CHILD SUPPORT ENFORCEMENT UNIT PURSUANT TO THIS ARTICLE. THE STATE CHILD SUPPORT ENFORCEMENT AGENCY AND INSURANCE COMPANIES MAY PARTICIPATE IN THE CHILD SUPPORT LIEN NETWORK INSURANCE DATA MATCH, OR A SIMILAR PROGRAM, TO FACILITATE DISCOVERY OF POTENTIAL CLAIM PAYMENTS, AWARDS, OR SETTLEMENTS. THE GENERAL ASSEMBLY ENCOURAGES THE STATE CHILD SUPPORT ENFORCEMENT AGENCY AND INSURANCE COMPANIES TO PARTICIPATE IN THE CHILD SUPPORT LIEN NETWORK INSURANCE DATA MATCH, OR A SIMILAR PROGRAM, FOR THE BENEFIT OF THE CHILDREN OF COLORADO.
- (b) On or before January 30, 2018, the department of human services shall submit a report to the health and human services committee of the senate and the public health care and human services committee of the house of representatives, or any successor committees, concerning the results of the voluntary participation by insurance companies in the child support lien network insurance data match pursuant to paragraph (a) of this subsection (1).
- (c) (I) For the purposes of this section, an insurance claim payment, award, or settlement is limited to an individual who receives moneys in excess of one thousand dollars after making a claim for payment under an insurance policy for:
 - (A) PERSONAL INJURY UNDER A POLICY FOR LIABILITY;
 - (B) Wrongful Death; or
 - (C) WORKERS' COMPENSATION.
 - (II) FOR THE PURPOSES OF THIS SECTION, AN INSURANCE CLAIM PAYMENT:
- (A) Only includes the portion of the claim, award, or settlement payable to the obligor or the obligor's representative. Any portion of an insurance claim payment that replaces wages or provides income in Lieu of wages is subject to the limitations set forth in section 13-54-104 (2), C.R.S.; and
- (B) Does not include any moneys payable as attorney fees, witness fees, court costs, reasonable litigation expenses, documented unpaid

EXPENSES INCURRED FOR MEDICAL TREATMENT CAUSALLY RELATED TO THE CLAIM, OR ANY PORTION OF A CLAIM BASED ON DAMAGE OR A LOSS OF REAL OR PERSONAL PROPERTY.

- (III) (A) Upon the request of an insurance company, an individual with an insurance claim payment, award, or settlement governed by this section shall provide to the insurer his or her current address, date of birth, and social security number;
- (B) THE INSURANCE COMPANY MAKING THE REQUEST MAY INFORM THE CLAIMANT THAT THE REQUEST IS BEING MADE IN ACCORDANCE WITH THIS SECTION FOR THE PURPOSE OF ASSISTING THE STATE'S CHILD SUPPORT ENFORCEMENT AGENCY IN ENFORCING CHILD SUPPORT LIENS PURSUANT TO SECTION 14-10-122, C.R.S.; AND
- (C) AN INSURER SHALL NOT MAKE PAYMENT TO A CLAIMANT WHO REFUSES TO PROVIDE THE INFORMATION REQUIRED BY THIS SECTION. AN INSURER THAT DECLINES TO MAKE PAYMENT ON THIS BASIS IS EXEMPT FROM SUIT AND IMMUNE TO LIABILITY UNDER THIS SECTION AND ANY OTHER SECTION IN A COMMON LAW ACTION IN LAW OR EQUITY.
- (IV) The state board shall promulgate rules concerning appropriate procedures that the state department or the state's child support enforcement agency shall follow regarding certain insurance claim payments, awards, or settlements, including claim payments, awards, or settlements to multiple parties. The rules must identify factors the state's child support enforcement agency shall consider in determining whether to attach the claim payment, award, or settlement, or any portion of such claim payment, award, or settlement.
- (2) AN INSURANCE COMPANY, AGENCY, OR CENTRAL REPORTING ORGANIZATION, OR THE DIRECTORS, AGENTS, OR EMPLOYEES OF AN INSURER, INSURANCE COMPANY, OR CENTRAL REPORTING ORGANIZATION, ARE NOT LIABLE, AND NO CAUSE OF ACTION ACCRUES, FOR DAMAGES BASED UPON ANY ACTIONS OR OMISSIONS TAKEN OR MADE IN GOOD FAITH PURSUANT TO THIS SECTION.
- (3) THE ADMINISTRATIVE LIEN AND ATTACHMENT REQUIRE THE PERSON, INSURANCE COMPANY, OR AGENCY TO WITHHOLD THE INSURANCE CLAIM PAYMENT, AWARD, OR SETTLEMENT. AN ADMINISTRATIVE LIEN AND ATTACHMENT FOR THE COLLECTION FROM INSURANCE CLAIM PAYMENTS, AWARDS, OR SETTLEMENTS FOR THE PAYMENT OF PAST-DUE CHILD SUPPORT OBLIGATIONS OR PAST-DUE MAINTENANCE OR MAINTENANCE WHEN COMBINED WITH CHILD SUPPORT OBLIGATIONS IS CONTINUING AND REMAINS IN EFFECT UNTIL SUCH AMOUNT IS SATISFIED OR IS RELEASED IN WRITING BY THE STATE CHILD SUPPORT ENFORCEMENT AGENCY.
- (4) In order to attach and collect insurance claim payments, awards, or settlements for the payment of past-due child support or past-due maintenance or maintenance when combined with child support obligations, the state child support enforcement agency is authorized to serve, by first-class mail or electronically, if mutually agreed upon, a notice of administrative lien and attachment on any person, insurance

COMPANY, OR AGENCY HOLDING INSURANCE CLAIM PAYMENTS, AWARDS, OR SETTLEMENTS THAT ARE OWED TO AN OBLIGOR. A COPY OF THE ADMINISTRATIVE LIEN AND ATTACHMENT SHALL BE PROVIDED TO THE OBLIGOR AND MUST INCLUDE INFORMATION ON THE OBLIGOR'S RIGHT TO OBJECT TO THE ADMINISTRATIVE LIEN AND ATTACHMENT AND TO REQUEST AN ADMINISTRATIVE REVIEW PURSUANT TO RULES PROMULGATED BY THE STATE BOARD.

- (5) Any remittance of moneys deducted or withheld by a person, insurance company, or agency pursuant to this section must include the obligor's name and identifying number as assigned by the state child support enforcement agency or the family support registry. The moneys must be remitted to the family support registry pursuant to section 26-13-114.
- (6) THE STATE CHILD SUPPORT ENFORCEMENT AGENCY MAY RECOVER FROM THE MONEYS COLLECTED ANY FEES ASSESSED UPON THE STATE CHILD SUPPORT ENFORCEMENT AGENCY IN ITS EFFORTS TO ATTACH INSURANCE CLAIM PAYMENTS, AWARDS, AND SETTLEMENTS.
- (7) This section applies to all child support obligations and to all maintenance or maintenance when combined with child support obligations that were ordered as part of any proceeding, regardless of when the order was entered. All child support obligors are subject to the notice of administrative lien and attachment as described in subsection (4) of this section.
- (8) A LIEN OR ASSIGNMENT PERFECTED ON ANY INSURANCE CLAIM PAYMENT, AWARD, OR SETTLEMENT PRIOR TO THE RECEIPT OF THE ADMINISTRATIVE LIEN AND ATTACHMENT ISSUED BY THE STATE CHILD SUPPORT ENFORCEMENT AGENCY SHALL BE HONORED PRIOR TO THE ADMINISTRATIVE LIEN AND ATTACHMENT ISSUED BY THE STATE CHILD SUPPORT ENFORCEMENT AGENCY. THE STATE CHILD SUPPORT ENFORCEMENT AGENCY SHALL RECEIVE THE BALANCE, IF ANY, OF THE REMAINING INSURANCE CLAIM PAYMENT, AWARD, OR SETTLEMENT UP TO THE AMOUNT OWED BY THE OBLIGOR.

SECTION 4. In Colorado Revised Statutes, 14-10-115, **amend** (6) as follows:

- 14-10-115. Child support guidelines purpose definitions determination of income schedule of basic child support obligations adjustments to basic child support additional guidelines child support commission. (6) Adjustments to gross income. (a) The amount of child support actually paid by a parent with an order for support of other children shall be deducted from that parent's gross income. At the time a child support order is initially established, or in any proceeding to modify a child support order, if a parent is also legally responsible for the support of any other children for whom the parents do not share joint legal responsibility, the court shall make an adjustment to the parent's gross income prior to calculating the basic child support order in ouestion as follows:
 - (I) If a parent is obligated to pay support for another child pursuant

TO AN ORDER, THE AMOUNT ACTUALLY PAID ON THE ORDER MUST BE DEDUCTED FROM THAT PARENT'S GROSS INCOME;

- (II) If the other child is residing in the home of a parent, the court shall deduct from that parent's gross income the amount calculated pursuant to paragraph (b) of this subsection (6);
- (III) IF ANOTHER CHILD OF A PARENT IS RESIDING OUTSIDE THE HOME OF THAT PARENT, THE COURT SHALL DEDUCT FROM THAT PARENT'S GROSS INCOME THE AMOUNT OF DOCUMENTED MONEY PAYMENTS ACTUALLY PAID BY THE PARENT FOR THE SUPPORT OF THE OTHER CHILD, NOT TO EXCEED THE SCHEDULE OF BASIC SUPPORT OBLIGATIONS SET FORTH IN SUBSECTION (7) OF THIS SECTION.
- (b) (1) At the time of the initial establishment of a child support order, or in any proceeding to modify a support order, if a parent is also legally responsible for the support of other children for whom the parents do not share joint legal responsibility, an adjustment shall be made revising the parent's income prior to calculating the basic child support obligation for the children who are the subject of the support order if the children are living in the home of the parent seeking the adjustment or if the children are living out of the home, and the parent seeking the adjustment provides documented proof of money payments of support of those children. The amount shall OF THE ADJUSTMENT MUST not exceed the schedule of basic support obligations listed in this section. For a parent with a gross income of one thousand nine hundred dollars or less per month, the adjustment shall be is seventy-five percent of the amount calculated using the low-income adjustment described in sub-subparagraphs (B) and (C) of subparagraph (II) of paragraph (a) of subsection (7) of this section based only upon the responsible parent's income, without any other adjustments for the number of other children for whom the parent is responsible. For a parent with gross income of more than one thousand nine hundred dollars per month, the adjustment shall be is seventy-five percent of the amount listed under the schedule of basic support obligations in paragraph (b) of subsection (7) of this section that would represent a support obligation based only upon the responsible parent's income, without any other adjustments for the number of other children for whom the parent is responsible. The amount calculated as set forth in this subparagraph (I) shall PARAGRAPH (b) MUST be subtracted from the amount of the parent's gross income prior to calculating the basic support obligation based upon both parents' gross income, as provided in subsection (7) of this section.
- (II) The adjustment pursuant to this paragraph (b), based on the responsibility to support other children, shall not be made to the extent that the adjustment contributes to the calculation of a support order lower than a previously existing support order for the children who are the subject of the modification hearing at which an adjustment is sought.
- **SECTION 5.** In Colorado Revised Statutes, 14-10-115, **amend** (8) (e) as follows:
- 14-10-115. Child support guidelines purpose definitions determination of income schedule of basic child support obligations adjustments to basic child support additional guidelines child support commission. (8) Computation of basic child support shared physical care split physical

care - stipulations - deviations - basis for periodic updates. (e) In any AN action to establish or modify child support, whether temporary or permanent, the guidelines and schedule of basic child support obligations as set forth in subsection (7) of this section shall be used as a rebuttable presumption for the establishment or modification of the amount of child support. Courts A COURT may deviate from the guidelines and schedule of basic child support obligations where its application would be inequitable, unjust, or inappropriate. Any such deviation shall be accompanied by written or oral findings by the court specifying the reasons for the deviation and the presumed amount under the guidelines and schedule of basic child support obligations without a deviation. These reasons may include, but are not limited to, instances where one of the parents spends substantially more TIME WITH THE CHILD THAN IS REFLECTED BY A STRAIGHT CALCULATION OF OVERNIGHTS, the extraordinary medical expenses incurred for treatment of either parent or a current spouse, extraordinary costs associated with parenting time, the gross disparity in income between the parents, the ownership by a parent of a substantial nonincome producing asset, consistent overtime not considered in gross income under sub-subparagraph (C) of subparagraph (II) of paragraph (a) of subsection (5) of this section, or income from employment that is in addition to a full-time job or that results in the employment of the obligor more than forty hours per week or more than what would otherwise be considered to be full-time employment. The existence of a factor enumerated in this section does not require the court to deviate from the guidelines and basic schedule of child support obligations but is MAY BE a factor to be considered in the decision to deviate. The court may deviate from the guidelines and basic schedule of child support obligations even if no A factor enumerated in this section exists DOES NOT EXIST.

SECTION 6. In Colorado Revised Statutes, 14-10-115, **amend** (10) (g) as follows:

14-10-115. Child support guidelines - purpose - definitions - determination of income - schedule of basic child support obligations - adjustments to basic child support - additional guidelines - child support commission. (10) Adjustments for health care expenditures for children. (g) Where the application of the premium payment on the guidelines and schedule of basic child support obligations results in a child support order of fifty dollars or less, or the premium payment is twenty FIVE percent or more of the parent's gross income, the court or delegate child support enforcement unit may elect not to require the parent to include the child or children on an existing policy or to purchase insurance. The parent shall, however, be IS, HOWEVER, required to provide insurance when it does become BECOMES available at a reasonable cost.

SECTION 7. In Colorado Revised Statutes, 14-10-115, **amend** (14) (a) as follows:

14-10-115. Child support guidelines - purpose - definitions - determination of income - schedule of basic child support obligations - adjustments to basic child support - additional guidelines - child support commission. (14) Annual exchange of information. (a) When a child support order is entered or modified, UNLESS OTHERWISE ORDERED BY THE COURT, the parties may agree or the court may require the parties to exchange financial information including verification of insurance and its costs, pursuant to paragraph (c) of subsection (5) of this section

SHALL EXCHANGE INFORMATION RELEVANT TO CHILD SUPPORT CALCULATIONS ON CHANGES THAT HAVE OCCURRED SINCE THE PREVIOUS CHILD SUPPORT ORDER, and other appropriate information once a year or less often, by regular mail, for the purpose of updating and modifying the order without a court hearing. The parties shall use the approved standardized child support forms specified in subsection (4) of this section in exchanging financial information. The PARENTS SHALL INCLUDE the forms shall be included with any agreed modification or an agreement that a modification is not appropriate at the time. If the agreed amount departs from the guidelines and schedule of basic child support obligations, the parties shall furnish statements of explanation that shall be included with the forms and shall be filed FILE THE DOCUMENTS with the court. The court shall review the agreement pursuant to this paragraph (a) and inform the parties by regular mail whether or not additional or corrected information is needed, or that the modification is granted, or that the modification is denied. If the parties cannot agree, no A modification pursuant to this paragraph (a) shall NOT be entered; however, either party may move for or the court may schedule, upon its own motion, a modification hearing.

SECTION 8. In Colorado Revised Statutes, 14-10-122, **amend** (5) as follows:

14-10-122. Modification and termination of provisions for maintenance, support, and property disposition - automatic lien. (5) Notwithstanding the provisions of subsection (1) of this section, when a court-ordered, voluntary, or mutually agreed upon change of physical care occurs, the provisions for child support of the obligor under the existing child support order, if modified pursuant to this section, will be modified or terminated as of the date when physical care was changed. The provisions for the establishment of a child support order based on a court-ordered, voluntary, or mutually agreed upon change of physical care may also be entered retroactively to the date when the physical care was changed. When a court-ordered, voluntary, or mutually agreed upon change of physical care occurs, parties are encouraged to avail themselves of the provision set forth in section 14-10-115 (14) (a) for updating and modifying a child support order without a court hearing. The court shall not modify child support pursuant to this SUBSECTION (5) FOR ANY TIME MORE THAN FIVE YEARS PRIOR TO THE FILING OF THE MOTION TO MODIFY CHILD SUPPORT, UNLESS THE COURT FINDS THAT ITS APPLICATION WOULD BE SUBSTANTIALLY INEQUITABLE, UNJUST, OR INAPPROPRIATE. THE FIVE-YEAR PROHIBITION ON RETROACTIVE MODIFICATION DOES NOT PRECLUDE A REQUEST FOR RELIEF PURSUANT TO ANY STATUTE OR COURT RULE.

SECTION 9. In Colorado Revised Statutes, **amend** 19-4-110 as follows:

19-4-110. Parties. The child may be made a party to the action. If the child is a minor, the court may appoint a guardian ad litem. The child's mother or father may not represent the child as guardian or otherwise. The COURT SHALL MAKE the natural mother, each man presumed to be the father under section 19-4-105, and each man alleged to be the natural father shall be made parties or, if not subject to the jurisdiction of the court, shall be given PROVIDE notice of the action in a manner prescribed by the court and an opportunity to be heard. If a man who is alleged to be the natural father is deceased, THE COURT SHALL MAKE the personal representative of his estate, if one has been appointed, shall be made a party. If a personal representative has not been appointed, THE COURT SHALL MAKE the deceased man's spouse or an immediate blood relative shall be made a party. If a

spouse or immediate blood relative is not known or does not exist, the court shall appoint a representative for the alleged natural father who is deceased. The court may align the parties. When the person to be served has no residence within Colorado and his or her place of residence is not known or when he or she cannot be found within the state after due diligence, service must be by publication pursuant to rule 4 (g) of the Colorado rules of civil procedure; except that service must be by a single publication and must be completed not less than five days prior to the time set for hearing on paternity adjudication.

SECTION 10. In Colorado Revised Statutes, 14-10-114, **amend** (8) (a) (I) as follows:

- **14-10-114.** Spousal maintenance guidelines legislative declaration definitions. (8) Definitions. As used in this section, unless the context otherwise requires:
- (a) (I) "Adjusted gross income" means gross income as defined in paragraph (c) of this subsection (8), less preexisting court-ordered child support obligations actually paid by a party, preexisting court-ordered alimony or maintenance obligations actually paid by a party, and the adjustment to a party's income as determined pursuant to section 14-10-115 (6) (b) (T), for any children who are not children of the marriage for whom the party has a legal responsibility to support.
- **SECTION 11.** Act subject to petition effective date. This act takes effect January 1, 2017; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within the ninety-day period after final adjournment of the general assembly, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2016 and, in such case, will take effect on January 1, 2017, or on the date of the official declaration of the vote thereon by the governor, whichever is later.

Approved: May 4, 2016