

**FIRST ENGROSSMENT
with House Amendments
ENGROSSED SENATE BILL NO. 2258**

Introduced by

Senators J. Lee, Dever

Representatives Devlin, Weisz

1 A BILL for an Act to create and enact a new section to chapter 14-09, two new subsections to
2 section 26.1-02-28, and a new section to chapter 35-34 of the North Dakota Century Code,
3 relating to child support enforcement; to amend and reenact sections 26.1-02-28, 34-15-03,
4 34-15-04, 35-34-02, 35-34-03, and 35-34-04, subsection 1 of section 35-34-06, and sections
5 35-34-09 and 35-34-10 of the North Dakota Century Code, relating to child support
6 enforcement; to provide for transition; and to provide an effective date.

7 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

8 **SECTION 1.** A new section to chapter 14-09 of the North Dakota Century Code is created
9 and enacted as follows:

10 **Electronic remittal of funds withheld under an income withholding order.**

11 An income payer that employs more than twenty-four employees at any time and has
12 received more than four income withholding orders under this chapter shall remit any withheld
13 funds by an electronic method approved by the child support agency. An income payer that
14 employs more than twenty-four employees at any time and has received fewer than five income
15 withholding orders under this chapter may choose to opt out of an electronic method approved
16 by the child support agency only through a written request. An income payer that does not
17 comply with this section is deemed to have failed to deliver income under section 14-09-09.3.
18 The child support agency may waive, upon a showing of good cause, the requirement to remit
19 funds electronically.

20 **SECTION 2. AMENDMENT.** Section 26.1-02-28 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **26.1-02-28. Child support insurance data match.**

23 1. As used in this section:

24 a. "Claimant" means a resident of this state over fourteen years of age who:

- 1 (1) Is a beneficiary under a life insurance policy;
2 (2) Is an individual who brings a third-party claim against an insured or under
3 an insurance policy for compensation under insurance coverage for bodily
4 injury or workers' compensation; or
5 (3) Is an individual who brings a first-party claim under an insurance policy for
6 uninsured or underinsured motorist benefits.
- 7 b. "Department" means the department of human services and any designee of the
8 department.
- 9 c. "Insurer" includes a government self-insurance pool and any designee of an
10 insurer or government self-insurance pool, but does not include any health
11 insurer participating in a data match under section 50-09-37.
- 12 d. "Personal information" means the name, address, and date of birth of a person;
13 the person's social security number, current motor vehicle operator's license
14 number issued to the claimant by the department of transportation under title 39,
15 or the last four digits of the person's social security number; and any other
16 relevant and available information regarding the person that is requested by the
17 department.
- 18 2. Before paying a claim to a claimant for a claim occurring in this state under a contract
19 of insurance issued in this state, an insurer or government self-insurance pool may
20 exchange personal information about the claimant with the department of human
21 services or its designee. This section applies notwithstanding any provision of law
22 making the information confidential.
- 23 3. Any personal information that is exchanged under this section is confidential and may
24 only be used to establish or enforce a child support or medical support obligation, or
25 as otherwise permitted or required by law. To the extent feasible, the department shall
26 provide secure electronic processes for exchanging personal information under this
27 section. An insurer shall not be assessed any fee by the department for exchanging
28 claim information under this section.
- 29 4. An insurer that exchanges personal information with the department under
30 subsection 2 also shall provide the telephone number of a facsimile machine or

1 electronic mail address to which a lien or demand may be sent to the insurer by the
2 department under chapter 35-34.

3 5. Notwithstanding anything to the contrary in section 35-34-06, upon agreement of the
4 insurer and the department, if the department files a lien against a claim that is
5 identified under this section:

6 a. The department may delay sending the claimant a copy of the notice of the lien
7 until requested by the insurer or until a payment to the claimant is delayed as a
8 result of the lien, whichever occurs first; or

9 b. The insurer may provide the claimant with the copy of the notice of lien that is
10 required under section 35-34-06 no later than the date a payment to the claimant
11 is delayed as a result of the lien.

12 If a claimant's receipt of notice of a lien is delayed under this subsection, the time for
13 seeking a review of the lien under section 50-09-14 does not begin until the date the
14 notice is mailed or otherwise provided to the claimant.

15 6. A person is immune from suit or any liability under any federal or state law, including
16 chapter 12.1-13 or 44-04, for acting in good faith under this section. The court shall
17 award reasonable attorney's fees and costs against any person that commences an
18 action that is subsequently dismissed by reason of the immunity granted by this
19 section.

20 7. A government self-insurance pool that complies with this section is not subject to
21 subsection 1 of section 50-09-08.2.

22 8. Nothing in this section shall require an insurer to make a payment that is not otherwise
23 required under the contract of insurance.

24 **SECTION 3. AMENDMENT.** Subsection 2 of section 26.1-02-28 of the North Dakota
25 Century Code is amended and reenacted as follows:

26 2. Before paying a claim to a claimant for a claim occurring in this state under a contract
27 of insurance issued in this state, an insurer ~~or government self-insurance pool~~ may
28 exchange personal information about the claimant with the department ~~of human~~
29 ~~services or its designee, but a government self-insurance pool shall exchange~~
30 personal information about the claimant with the department. The information must be
31 exchanged as soon as reasonably possible after the first submission of the claim, but

1 not less than ten days prior to making a payment to a claimant. This section applies
2 notwithstanding any provision of law making the information confidential.

3 **SECTION 4.** Two new subsections to section 26.1-02-28 of the North Dakota Century Code
4 are created and enacted as follows:

5 A claimant who refuses to provide to an insurer the personal information that the
6 insurer is required to exchange with the department under this section may not receive
7 payment on the claim and may not pursue a suit against the insured or the insurer in
8 this state for the amount of the claim until the information is provided.

9 An individual who willfully fails to comply with this section is subject to the same
10 liabilities as an income payer under section 14-09-09.3 unless the context indicates
11 otherwise.

12 **SECTION 5. AMENDMENT.** Section 34-15-03 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **34-15-03. Employer reporting.**

- 15 1. Except as provided in subsections 2 and 3, each employer shall furnish to the
16 directory of new hires a report that contains the name, address, and social security
17 number of each employee newly hired for work within this state, whether the employer
18 offers health insurance to the employee, and the employer's name and address and
19 the identifying number assigned under section 6109 of the Internal Revenue Code of
20 1986, as amended [26 U.S.C. 6109], to the employer.
- 21 2. An employer who has employees who are employed in two or more states, and who
22 transmits reports magnetically or electronically, may designate one state in which the
23 employer has employees and may transmit a report conforming to subsection 1 to that
24 state. An employer who reports pursuant to this subsection must notify the secretary of
25 the United States department of health and human services, in writing, of the state so
26 designated.
- 27 3. Any department, agency, or instrumentality of the United States shall transmit a report,
28 conforming to subsection 1, to the national directory of new hires established pursuant
29 to section 453 of the Social Security Act [42 U.S.C. 653].

- 1 4. a. Except as provided in subdivision b, a report required under this section must be
2 made no later than twenty days after the date the employer hires the employee.
3 b. If the employer transmits reports magnetically or electronically, a report required
4 under this section may be made by two monthly transmissions, if necessary, not
5 less than twelve nor more than sixteen days apart.

6 **SECTION 6. AMENDMENT.** Section 34-15-04 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **34-15-04. Reporting format.**

- 9 1. Each employer report required by this chapter must be made on a W-4 form; or, ~~at the~~
10 ~~option of the employer,~~ an equivalent form prescribed by the state directory of new
11 hires. The
12 2. ~~Except as provided in subsection 3,~~ the report may be transmitted by first-class mail or
13 by any magnetic or electronic means readable by the department, including facsimile
14 transmission, electronic mail, modem transmission, or other means of electronic
15 communication.
16 3. ~~An employer that employs more than twenty-four employees at any time must report~~
17 ~~new hires through an internet-based method provided by the department. An employer~~
18 ~~that does not comply with this subsection is deemed to have failed to report new hires~~
19 ~~under section 34-15-05. The department may waive, upon a showing of good cause,~~
20 ~~the requirement to report new hires electronically.~~

21 **SECTION 7. AMENDMENT.** Section 35-34-02 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **35-34-02. Lien for past-due child support.**

24 ~~When an obligor is listed on the arrears registry as defined in section 14-09-09.10~~owes
25 past-due support, the child support agency may establish a lien on ~~personal property of the~~
26 obligor as provided in this chapter. Except for liens under section 35-34-05, the amount of a lien
27 under this chapter includes any past-due support that is owed when the lien is perfected and
28 any past-due support that accrues after the lien is perfected.

29 **SECTION 8.** A new section to chapter 35-34 of the North Dakota Century Code is created
30 and enacted as follows:

1 **Child support lien registry.**

2 The child support agency shall create a child support lien registry using an interactive
3 website. The registry shall include a listing of any obligor who owes past-due support that is
4 being enforced by the child support enforcement agency, the obligor's date of birth, and the
5 amount of past-due support that is being enforced by the child support enforcement agency.
6 The lien registry website must be available to the public and support a search by last name of
7 the obligor and other information provided by the person using the website. Any real or titled
8 personal property, except the homestead or other property that is exempt under section
9 28-22-02, of an obligor who is listed on the lien registry or which the obligor thereafter acquires
10 in this state is subject to a lien. A lien under this section is perfected as of the date the lien is
11 first listed on the child support lien registry, but is not effective against a good-faith purchaser of
12 titled personal property unless the lien is recorded on that title. The child support agency must
13 subordinate its lien under this section upon request of a third party if:

- 14 1. The request is accompanied by documentation from the lien registry website showing
15 the child support lien balance as of the date the third party perfected its interest in the
16 property, to the extent that the current balance of the child support lien exceeds the
17 balance when the third party perfected its interest; or
18 2. The request is made within ninety days of the date the lien is first listed on the child
19 support lien registry and the third party proves that it attempted to perfect an interest in
20 the property prior to the creation of the child support lien.

21 **SECTION 9. AMENDMENT.** Section 35-34-03 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **35-34-03. Vehicle lien.**

- 24 1. In the case of a vehicle, the child support agency may ~~establish a lien by filing~~ file a
25 notice of lien with the director of the department of transportation. The notice must be
26 in a form prescribed by the director and contain a description of the vehicle, the name
27 and last-known address of the obligor, and any other information required by the
28 director. The notice of lien must state that the child support obligation is past due and
29 that a copy of the notice of lien has been served on the obligor by first-class mail at the
30 obligor's last-known address.

- 1 2. Upon filing of the notice of lien in accordance with this section, the director shall
- 2 demand in writing the surrender of the certificate of title from the obligor or a superior
- 3 lienholder for the purpose of recording the lien on the certificate of title. Upon receipt of
- 4 the certificate of title, the director shall record the fact of the lien and the identity of the
- 5 lienholder on the certificate of title and deliver the certificate of title to the vehicle's
- 6 owner or, if a superior lienholder had possession of the certificate of title, to that
- 7 superior lienholder. If the obligor or superior lienholder fails to surrender the certificate
- 8 of title within fifteen days after the written demand by the director, the director shall
- 9 notify the child support agency seeking the lien.
- 10 3. Upon receipt of notice from the director that the obligor or superior lienholder has not
- 11 responded to the demand for surrender of a title certificate, the child support agency
- 12 may obtain an order from a court of competent jurisdiction requiring the certificate of
- 13 title to be delivered to the court so that a lien may be properly recorded.
- 14 4. No fee may be charged by the director for services provided under this section.
- 15 5. The director may determine a certificate of title to have been fraudulently procured if
- 16 endorsed by a previous owner who, at the time the endorsement was made:
- 17 a. ~~Was, was~~ an obligor who owed past-due child support; ~~and~~
- 18 b. ~~Had been served with a copy of a notice of lien filed under this section with~~
- 19 ~~respect to the vehicle described on that certificate of title.~~
- 20 6. ~~A lien under this section is perfected when the lien is recorded on the certificate of title.~~

21 **SECTION 10. AMENDMENT.** Section 35-34-04 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **35-34-04. Vessel lien.**

- 24 1. In the case of a vessel, the child support agency may ~~establish a lien by filing~~file a
- 25 notice of lien with the secretary of state if the value of the vessel is estimated to be at
- 26 least twice the cost of establishing the lien. The notice must contain a description of
- 27 the make, model designation, and serial number of the vessel, including its
- 28 identification or registration number, if any, and the name, social security number, and
- 29 last-known address of the obligor. The notice of lien must state that the child support
- 30 obligation is past due and that a copy of the notice of lien has been served on the
- 31 obligor by first-class mail at the obligor's last-known address.

- 1 2. Upon filing of the notice of lien in accordance with this section, the notice of lien must
- 2 be indexed by the secretary of state in the central indexing system and may be
- 3 enforced and foreclosed in the same manner as a security agreement under the
- 4 provisions of title 41.
- 5 3. The secretary of state shall remove and destroy the lien notification statement in the
- 6 same manner as provided for other liens in section 11-18-14 for the recorder.
- 7 4. ~~A lien under this section is perfected when notice of the lien is filed with the secretary~~
- 8 ~~of state.~~
- 9 5. The child support agency may file an amendment to correct the social security number
- 10 of the obligor, to correct the spelling of the obligor's name, or to correct or change the
- 11 address of the obligor.

12 **SECTION 11. AMENDMENT.** Subsection 1 of section 35-34-06 of the North Dakota Century
13 Code is amended and reenacted as follows:

- 14 1. In the case of untitled personal property ~~that does not consist of a vehicle, a vessel,~~
- 15 ~~or~~ other than an account maintained in a financial institution, the child support agency
- 16 may establish a lien on such personal property by filing a notice of lien with the office
- 17 of the recorder in the county in which the personal property may be found, with the
- 18 secretary of state, or with a third party who is in possession of the personal property.
- 19 The notice must particularly describe the property to be subjected to the lien and the
- 20 name and last-known address of the obligor. The notice of lien must state that the
- 21 child support obligation is past due and that a copy of the notice of lien has been
- 22 served on the obligor by first-class mail at the obligor's last-known address.

23 **SECTION 12. AMENDMENT.** Section 35-34-09 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **35-34-09. Immunity from liability.**

26 A person in possession of, or obligated with respect to, property, who, upon demand of the
27 child support agency, surrenders the property, complies with section 35-34-12, or otherwise acts
28 in good faith to comply with the requirements in this chapter, discharges its obligation to the
29 obligor with regard to the property and is immune from suit or any liability under any federal or
30 state law. The court shall award reasonable attorney's fees and costs against any person who

1 commences an action that is subsequently dismissed by reason of the immunity granted by this
2 section.

3 **SECTION 13. AMENDMENT.** Section 35-34-10 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **35-34-10. Action to enforce lien.**

6 In any case in which there has been a refusal or neglect to pay child support, the child
7 support agency, in addition to any other relief, may enforce a lien arising under this chapter by
8 demanding in writing the surrender of the property, issuing an execution under chapter 28-21, or
9 servicing a deduction order under section 50-09-35. The child support agency also may file an
10 action in any court of competent jurisdiction to enforce a lien under this chapter. The filing of an
11 action does not preclude the child support agency from pursuit of any other means of
12 enforcement available under state or federal law. A person in possession of, or obligated with
13 respect to, property that is subject to a lien under this chapter is subject to the same duties and
14 liabilities as an income payer under section 14-09-09.3 unless the context indicates otherwise.

15 **SECTION 14. TRANSITION.** The registry created in section 8 of this Act may include any
16 lien under chapter 35-34 that exists on the effective date of section 8 of this Act. Any lien that is
17 added to the lien registry under this section retains its original effective date and priority.

18 **SECTION 15. EFFECTIVE DATE.** Section 1 and sections 5 through 14 of this Act become
19 effective on January 1, 2012. Sections 3 and 4 of this Act become effective on August 1, 2013.