

MAINE STATE LEGISLATURE

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R018

L.D. 1771

DATE: 2-24-04

(Filing No. H-721)

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JUDICIARY

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12 the House.

14 **STATE OF MAINE**
16 **HOUSE OF REPRESENTATIVES**
18 **121ST LEGISLATURE**
20 **SECOND SPECIAL SESSION**

22 COMMITTEE AMENDMENT "A" to H.P. 1293, L.D. 1771, Bill, "An
24 Act Regarding Child Support Collection Practices"

26 Amend the bill by striking out everything after the enacting
28 clause and before the summary and inserting in its place the
30 following:

32 'Sec. 1. 19-A MRSA §2109 is enacted to read:

34 **§2109. Limitations on collection of child support**

36 A person other than an employee of the department who enters
38 into an agreement with another to collect child support is
40 subject to the following limitations.

42 1. Fee limitation. In a contingent-fee contract for the
44 collection of child support, the fee may be based only upon the
amount of unpaid past child support arrearage calculated as of
the date when the contract is signed. A fee may not be based on
current or future child support payments and may be assessed only
on funds actually received by the child support obligee.

2. Collection practices limitations. Each person who
enters into an agreement with another to collect child support is
subject to the provisions of Title 32, chapter 109-A if either
the support obligee or the support obligor is a resident of this
State.

COMMITTEE AMENDMENT

R. 018

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3. Requirement for written contract. Each agreement between a person who collects or offers to collect child support and a child support obligee must be in writing, dated and signed by the support obligee. The contract must contain a full and detailed description of the services to be performed for the support obligee and the terms and conditions of payment. The contract may not contain a penalty for termination at any time by the support obligee.

4. Basis of compensation. A collector of child support obligations may not impose a charge or fee for any child support payments collected primarily through the efforts of a governmental agency.

Sec. 2. 32 MRSA §11002, sub-§5, as enacted by PL 1985, c. 702, §2, is amended to read:

5. Debt. "Debt" means any obligation or alleged obligation of a consumer to pay money arising out of a transaction in which the money, property, insurance or services which that are the subject of the transaction are primarily for personal, family or household purposes, whether or not the obligation has been reduced to judgment. "Debt" includes any obligation or alleged obligation for payment of child support owed to, or owed by, a resident of this State.'

SUMMARY

This amendment replaces the bill. The amendment prohibits a person who enters into an agreement with another to collect child support from charging a fee based upon current or future child support payments. Under a contract for the collection of child support that provides for a contingent fee, the fee may be based only upon unpaid past child support arrearages that are unpaid at the time when the contract is signed. It also provides that a person who enters into an agreement with another to collect child support is subject to the provisions of the Maine Fair Debt Collection Practices Act. It requires a detailed written contract between a support obligee and a private collector and prohibits penalties if the support obligee terminates the contract. It provides that a person who enters into an agreement with another to collect child support can not collect a fee for payments collected primarily through the efforts of a

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COMMITTEE AMENDMENT "A" to H.P. 1293, L.D. 1771

2 governmental agency. Finally, the amendment amends the Maine
Fair Debt Collection Practices Act to clarify that a child
4 support obligation is considered a debt if either the custodial
or noncustodial parent is a resident of this State.

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FISCAL NOTE REQUIRED
(See attached)

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**121st Maine Legislature
Office of Fiscal and Program Review**

LD 1771

An Act Regarding Child Support Collection Practices



LR 2325(02)

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Judicial

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - General Fund
Minor revenue increase - General Fund

Correctional and Judicial Impact Statements

This bill may increase the number of civil suits filed in the court system.