

DOMESTIC RELATIONS DEBT

2020 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brady Brammer

Senate Sponsor: Daniel Hemmert

Cosponsors: Karen Kwan

Cheryl K. Acton

LONG TITLE

General Description:

This bill addresses collections related to domestic relations debt.

Highlighted Provisions:

This bill:

- ▶ defines terms; and
- ▶ addresses what a court shall order under certain circumstances for collection of an obligation or alleged obligation to pay past due child support or alimony.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

30-3-3.5, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **30-3-3.5** is enacted to read:

30-3-3.5. Collection fee for past due child support or alimony.

(1) As used in this section:

29 (a) "Debtor" means a person obligated or allegedly obligated to pay a domestic
30 relations debt.

31 (b) "Domestic relations debt" means an obligation or alleged obligation to pay past due
32 child support or alimony.

33 (2) (a) A court shall order the amounts described in Subsection (2)(b) be paid, if:

34 (i) the court issues a judgment requiring the payment of a domestic relations debt by
35 the debtor;

36 (ii) imposing a collection fee on the debtor or in relation to the domestic relations debt
37 is not prohibited or otherwise restricted by another federal or state law; and

38 (iii) the person owed the domestic relations debt has a contingency arrangement with
39 an attorney to collect the domestic relations debt.

40 (b) If the conditions of Subsection (2)(a) are met, a court shall order payment of:

41 (i) the principal amount due;

42 (ii) applicable interest;

43 (iii) a collection fee equal to the amount provided in the contingency agreement, except
44 that the collection fee may not exceed the lesser of:

45 (A) the actual amount the person owed the domestic relations debt is required to pay
46 for collection costs, regardless of whether that amount is a specific dollar amount or a
47 percentage of the principal amount owed for the domestic relations debt; or

48 (B) 40% of the principal amount owed to the person for the domestic relations debt;

49 (iv) reasonable attorney fees; and

50 (v) costs, if any, related to obtaining the judgment described in Subsection (2)(a)(i).

51 (3) The obligation to pay a collection fee described in Subsection (2)(b)(iii) is incurred
52 at the time the person owed a domestic relations debt enters into an agreement with an attorney
53 to collect the domestic relations debt.

54 (4) An obligation to pay a collection fee imposed under this section is in addition to
55 any obligation to pay reasonable attorney fees that may exist.

56 (5) The Office of Recovery Services may not collect an order issued pursuant to

57 Subsection (2).