Child Support Enforcement Business Relations Task Force
May 11, 2010
8:30 a.m. – 12:00 noon
Comfort Suites, Bismarck ND

Task Force Members in Attendance: Paula Bachmeier, Bill Devlin, Jim Fleming, Harlan Fuglesten, Dale Haake, Jim Goetz, Senator Judy Lee, Jeb Oehlke, Mike Schwindt

Task Force Members Absent: Mike Rud, Representative Robin Weisz

Staff: Barbara Reierson, Brianne Skachenko

Visitors: Jack McDonald, Steve Spilde, Brad Wiederholt

1. Approval of minutes

Schwindt welcomed the group. Haake noted an error on page 8 of the March 29, 2010, minutes. The sentence should read: Haake said claims adjusters generally ~~aren't~~ are the ones cutting the checks. In addition, correction will be made to the spelling of Fuglesten's name. Senator Lee made a motion to approve the March 29, 2010, minutes with these changes. Bachmeier seconded the motion. Motion carried.

2. Discussion of Bill Draft 2 – Insurance Matching

Fleming reviewed the handouts for the meeting. Pages 5 – 8 of the March 29, 2010, minutes contain the discussion from the prior Task Force meeting regarding the insurance match.

Fleming reviewed the changes to bill draft #2 dated April 28, 2010. One of the changes involved language suggested by the Legislative Council regarding the ND Department of Transportation (i.e., 'under title 39'). The word 'current' was added on page 1, line 21. The definition of claimant on page 2, beginning with line 28 was clarified per Haake's earlier suggestion. The lien provision on page 3, subsection 8 deals with the issue of when notice of lien is given to the obligor. This bill draft gives Child Support Enforcement (CSE) and the insurance company options regarding the notice of lien. One option is to delay sending the notice of lien to the obligor. The arrears are already a judgment. However, the obligor must have the chance to contest the lien. This bill draft allows the delivery of the lien to the obligor to be delayed. A second option is that the insurer can provide the claimant with a copy of the lien.

Fleming said that currently the 30 day protest period starts with the issuance of lien. This bill draft says the 30 day protest period for seeking a review starts when the notice of lien is mailed or otherwise provided to the claimant. Fleming said protests are rare. Generally, protests involve financial accounts where obligors are on the accounts of

elderly parents because the obligors are paying the parents' bills out of the accounts. CSE will release these liens but asks that the obligors be removed from the accounts so that CSE doesn't continue to receive the matches on the accounts. These are administrative protests. An obligor can also protest the amount of arrears. For example, an arrears amount may be disputed when an obligor has been in multiple states and the record of payment is incomplete.

Fleming said this bill draft is for a required match. There are three options for matching. The insurer can send all claim information to CSE; the insurer can do the match; or, the insurer can match through the Insurance Services Office (ISO). In comparison, the Financial Institution Data Match only offers the first two options for matching.

Fleming continued the review of changes to this version of the bill draft. This bill draft adds language about children over 14 years of age. It clarifies what is bodily injury. Haake said the bill draft captured the change he suggested regarding the definition of a claimant.

Haake said automobile policies have different types of coverage: damage to a vehicle, liability, no fault coverage (i.e., medical coverage to anyone in the vehicle), uninsured, and underinsured. This bill draft added language about first party claims; these are claims made by the policy holder. The no fault statute speaks of bodily injury. The no fault statute conflicts with bodily injury claims, which are third party claims. Fleming said that doctor and medical bills and attorney fees are in line for payment before CSE. Page 3, subsection 3 addresses the exchange of documents in a manner other than a paper process.

Fleming said page 3, subsection 4 says if a claimant doesn't provide the information sought, he/she will not be paid for the claim. Haake said subsection 4, line 10 should read 'against the insured <u>or insurer</u>….' Fleming said ND also has self-insurance pools. Spilde asked how this would be affected or enforced. Often the first notice of the claim to the insurer is a summons and complaint. What would be the methodology for screening? Fleming said he wasn't sure how a claimant would sue if the claim hadn't been filed. Fleming said the insurer could do a motion to dismiss for failure to provide the required information, unless the information is provided in the complaint. Spilde said the insurer could do a motion to the court to require the information be provided. Fleming asked how often an insurer doesn't find out about a claim until the summons and complaint. Haake said the summons and complaint can come soon. The insurer may know about the accident but may not know the magnitude of the injury or what the intentions of individual are until the summons and complaint are received. Fleming asked about the documents to file a claim. Haake said the individual gives notice that an accident occurred. The insurer can't stop the suit. The insurer's recourse is to ask that the suit be dismissed, however, this leads to fees. There are fees even if a suit is brought improperly. Fleming said this bill draft doesn't address all claims arising out of the injury; it only addresses suits in connection with compliance with subsection 4. Haake said a problem is that a person who has arrears and refuses to provide the

required information likely won't be good at reimbursing court ordered attorney's fees either. Fleming said anyone can be sued frivolously.

Fuglesten asked what happens if a claimant who owes a small amount of arrears is eligible for a huge settlement but refuses to provide the required information. Fleming said there is a limited time now for people to submit a lawsuit. Fuglesten said this would bar an entire settlement claim even though there were minimal arrears. Fleming said if the claimant won't provide the required information there is no way for the insurer to know how much arrears the claimant owes, and CSE wouldn't be notified of the settlement. This is all about leverage. It does mean more money than the arrears could be tied up. Senator Lee asked if there was a threshold that could be considered – for example, if the settlement is twice the amount of the arrears. Fleming said he wasn't sure how the amount of arrears could be determined until the claimant provided the required information. Haake doesn't think that many people will choose to take the stance of not providing the information and forgoing the claim. People will likely complain about it but will provide the information so they can get their settlements. Fleming said all of us in everyday life provide a lot of personal information to get services, etc. that we want. Without the information needed to identify an obligor there is no way to know how much arrears are owed.

Goetz asked what happens if the claimant won't give the information to the insurance company but will give it to CSE. Fleming said CSE would then initiate the lien. Goetz asked if CSE would give a release if the claimant didn't owe arrears. Could the claimant get a release for the insurance company from CSE? Fleming and Schwindt said CSE could do that. This would be a negative assurance to the insurer. Fleming said this is similar to how the lien registry would work regarding a 'not found.'

Fuglesten asked what happens if the claimant doesn't have a child support obligation so he/she doesn't know why the information has to be provided and is barred from seeking relief regarding the settlement. For example, what if the claimant has poor legal representation? There needs to be a mechanism to undo an unjust result. Senator Lee said this is dispute resolution. Fuglesten asked if it could be undone now. He worried about the balance between claimant and CSE needs. Fleming said people with claims who aren't getting their money will need to get an explanation, won't they? Whenever in the process the information is provided, the claimant will get the money. Fuglesten said there is a need to notify the claimant that failure to provide the information will result in loss of the claim. Now this is buried in child support law. Fleming said this will be in the insurance section of the code. Senator Lee said the information about the requirement may not be widely known. Fuglesten asked what happens if a claimant doesn't have representation. The insurance company should provide the notice that the claim is barred if information is not provided. Fleming said language could be added requiring notification to the claimant by the insurance company or self-insurance pool. Spilde said this could go in subsection 8. Fleming said that would not be the correct subsection.

Spilde said he was not sure how you get past having to do a motion. Would it be possible to look at court administrative procedures and provide the information about the requirement there? At times lawsuits happens unexpectedly. As the bill draft is written, looks like the insurer will need to make a motion to the court. Fleming said another option is the insurer letting the claimant's attorney know the information has to be provided before proceeding to court, or the action will be dismissed. Spilde said it looks like the court will have to decide if it will let the lawsuit proceed. He sees a Supreme Court test early on. Fleming said, for example, medical malpractice has a statute of limitations even though that may not be appropriate. A person can sleep on their rights. If the information is not provided, the person is making a choice.

Senator Lee said we need to focus on the goal we want to achieve and look for a way to meet that goal. We won't hit 100% of cases but how can we do this? Spilde suggested looking at the procedure for filing a lawsuit and have the information filed before a lawsuit. Senator Lee said no one has the goal of adding costs to insurers or someone else. Fuglesten asked if language can be added to subsection 4. Fleming said around line 10 language could be added 'until such time as the information is provided.' Fleming said he was hearing Fuglesten say there is a need to add or keep language that 'can't bring suit until provide information.'

Spilde said there is a cost to a motion and the motion would be routine. Fleming thinks the process will be cheaper than Spilde thinks. Spilde said insurers would do a preliminary motion for every case where a suit is filed. There is a need to look at another section of the statute regarding the filing of suits.

Fleming asked if a plaintiff will know who the defendant's insurance company is. The defendant may refuse to provide that information to the plaintiff. For example, if plaintiff slips on defendant's sidewalk the defendant may refuse to tell the plaintiff who the insurance company is. Spilde said if the information was provided to the court that this information would be there. The concern is the insurer will have to deal with this judicially every time a claim is filed. He wondered if an option is to amend the statute regarding administration of the court system to require this information as a condition for filing a lawsuit. Fleming said language could be added and it wouldn't hurt anything. Court procedures are in rule though, not statute. Senator Lee said rules are easier to deal with than statutes. She asked how the process can be streamlined to accomplish our goals, protect the rights of people, and not put an onerous burden on insurance companies. Fuglesten said we don't want to destroy people's right to go into court. Fleming said this law doesn't apply if there isn't an insurance company involved. Fuglesten said payment is not made by the insurance company until the information is provided. Senator Lee asked if there was agreement that we needed to keep in the language about lawsuits. Fuglesten agreed as long as it was not an absolute bar, that it is a bar until such time as the information is provided. Fuglesten said his earlier suggested language will work.

Haake complimented Fleming's bill drafting. He said the revisions made indicated that Fleming had been listening carefully to earlier suggestions. Any challenges will add

costs, exposure, and danger and are an additional threat to the innocent insured. He supports a number of the changes and would like to see them implemented but he would like to see them implemented in increments. He suggested beginning with voluntary participation with many of these ideas. There can be so many twists and turns with individual cases and those aren't cheap. He gave an example of a current situation where an obligor has a $10-15,000 claim but owes $34,000 in arrears. If the obligor chooses to roll the dice to see if he can get enough money to pay his arrears it will cost the insurance company. He sees mandatory matching with these unknowns as a threat to the insurance industry and the insured. He suggested experimenting with these changes before requiring the industry to live with them. This gives a chance to make it work.

Fleming said the current law is voluntary matching. Haake said this bill draft includes things that will make matching more palatable (e.g., delaying the notice of lien). He also liked the ability to use the lien registry directly rather than ISO. ISO costs $6,400 a year. Fleming said the lien registry won't fix this. However, the Child Support Lien Network (CSLN) now offers an online search for insurance companies, at no charge. Most of changes weren't included in the voluntary system because they are not needed if the match is voluntary. Most of the changes are not needed unless the match is mandatory. For example, there is already a work-around regarding the timing of the notice of lien. Haake said this work-around is through cooperative effort. A statute would be better. Fleming said that may be an improvement but the match is still voluntary. One of the reasons we're here is to talk about how a mandatory system would play out. Haake said the draft Final Report talks about encouraging voluntary participation, not unduly interfering with existing practices, and not increasing litigation. There is a lot of threat to mandatory matching. There are a lot of things that can be challenged. He feels the Task Force is biting off too much. Fleming said he understands there is a risk of increased costs. However, when other states mandated the match those threats did not become a reality. There have not been active efforts from the insurance industry to roll back the requirement. These fears haven't been realized in other states that mandated the match. Haake said ND is very sensitive to costs to insurers. Other states don't care what insurance costs are. Fleming said in other jurisdictions the insurance industry hasn't tried to change the law from mandatory to voluntary matching.

Senator Lee asked if the Task Force could begin again at the beginning, what would be suggested. If the group wants to see any benefits from its work on this project we may need to look at incremental steps. If we want to see increased collections, where do we start the increments? Haake said he likes the flexibility of being able to use the last four digits of the SSN and the drivers license number. He likes voluntary matching. The definition of claimant is very good. He likes the delayed notice of lien. He likes a, b, and c of the bill draft, except he wants the match to be voluntary. Time is needed to work out bugs, to improve the process and deal with any weaknesses. Senator Lee asked about delaying implementation for two years. The match would be voluntary and then after the next session it would become mandatory. If changes were needed, they could be made during the next legislative session. This would be a move toward a

mandatory system. What parts should have a delayed implementation? Fleming said we could make this version effective now as voluntary and then as of August 2013 it would become mandatory. If changes are needed, they could be made during the next legislative session. Senator Lee said this would give everyone a chance to use the process and identify issues. If the group can't come up with a bill draft, we will have nothing. The Task Force could recognize changes may be needed but the match will become mandatory in August 2013. This would let insurers know they need to get ready to do a mandatory match.

Schwindt said CSE has no desire to hang a millstone around any industry. The Task Force has to come up with something that works for everyone. This would give a trial of the process and things can be fixed as needed. We don't want problems for the insurance industry or people. Senator Lee said it is easier to be flexible when the program is voluntary. If the insurance industry knows a mandatory match is coming it knows it needs to figure out how to deal with it. Fuglesten agreed that something is better than nothing. He knows the industry has concerns. He would hate to see good concepts lost. Haake said he is not trying to snuff the whole process. His company is participating in the match now. Senator Lee said that participation is appreciated.

Fuglesten asked if the match is more of a burden for smaller companies. For example, they don't have as many staff. Haake said he didn't know about other companies. Fuglesten said we want everyone to be playing by the same rules. Fleming said the Child Support Lien Network (CSLN) has a portal that small companies can use now and do a look up in real time. This does not involve a fee to the insurance company.

Schwindt asked if another meeting will be needed to look at a revised bill draft. Senator Lee thought enough information had been provided that another meeting would not be needed. Fleming will create a revised bill draft and send it out via email. Schwindt said there could be an email vote on the next bill draft.

Haake began pointing out some needed changes in the bill draft and Fleming suggested that he and Haake work on developing a revised bill draft. Fleming said this is a long bill. He would like to shorten it up by streamlining some of the language. Haake said he was willing to work with Fleming on drafting.

Fuglesten asked if the first changes in the voluntary program would take effect August 2011 and the mandatory match would go into effect August 2013. Fleming said the Legislative Council will help with drafting language. Haake asked if the subsequent legislative session can make changes. Fleming and Schwindt said that was correct. Senator Lee said there would be another session before the match became mandatory so that changes could be made based on experience. Fleming said at that point CSE could include changes in its bill or anyone can find a sponsor for a bill.

Bill draft #2 Insurance Match Amendment (voluntary to become mandatory)
Bachmeier made a motion to amend bill draft #2 to be a voluntary match as of August 2011, and a mandatory match as of August 2013. Fuglesten seconded the motion. There was no discussion.

The vote on bill draft #2 as amended was:
Yes: Bachmeier, Devlin, Fuglesten, Haake, Senator Lee, Oehlke, Fleming, Schwindt.
No: Goetz. Absent: Rud, Representative Weisz. Motion carried.

3. Discussion of Bill Draft 1 - Lien Registry

Fleming and Skachenko did a demonstration of the Wisconsin web based lien registry. The Wisconsin site allows a search without an SSN. The site can be searched by name. Examples of the detail provided on the site are name, date of birth, docket number, lien amount, and the contact county CSE program. The county CSE program listed can then be contacted to verify whether it is the right person. Wisconsin CSE then produces a letter stating whether or not it was the right person.

McDonald asked what the 'end date' on the screen was. Fleming said Wisconsin tracks history. He speculated the 'end date' is when the lien expired. Fleming said an added cost would be involved if ND CSE were to collect and save history information on its web site. During the March 29, 2010, Task Force meeting the discussion was that it would be better not to display history on the lien registry. The thought was that a lender doesn't need to see that past liens have been paid off. If that information is needed it can be secured through a credit check. Bachmeier asked what happens if a lien was on a prior certificate but when they check for a recertification now it is not on the lien registry. Fleming said that would mean there was not presently a CSE lien in place. Bachmeier said it is not enough that it simply isn't there now. They need to know the why. McDonald said if the lien was satisfied it would mean there were zero arrears and it wouldn't be on the lien registry. Bachmeier said this would mean they would need to make more calls to CSE to confirm this information. McDonald asked if an obligor stays on the Wisconsin lien registry even if the lien has been paid. Fleming will check with Wisconsin CSE regarding this. (POSTMEETING UPDATE: Per material provided by Wisconsin, the lien registry will show a lien as satisfied when it is paid in full.) Bachmeier said judgments show on the Supreme Court web site now. Her preference is that the obligor stays on the lien registry and that the satisfaction be displayed.

Fleming said it is hoped the lien registry will not end up with a big fiscal note. This would be prohibitive. The goal is to do the lien registry in the most economical way. Bachmeier asked if the obligor does not stay on the lien registry is it a problem if CSE has to be called? Bachmeier said clerks of court aren't always open to contacts with these questions and their responses may not always be timely. This can be a problem. The need is to get a timely response so if CSE can do that, the need to call is not a problem. They will need a verbal or email response from CSE.

Goetz asked if the web site would contain the contact's phone number. Schwindt said an email link could be added to the site. Fleming said another option is to do a link to the CSE contact information web page.

Fleming said Task Force members could be user testers for this web site and the employer portal. User testing is an opportunity to work out the bugs before an application is rolled into production.

Fleming said the Wisconsin lien registry has a search with the last four digits of the SSN. The last four digits of the SSN could be added to the internal screen in ND if needed. It is not displayed on the Wisconsin web site. The Wisconsin site is designed not to display more information than the user provided. If the ND web site was set up like this, for example, the last four digits of the SSN would display only if the lien registry was searched by the last four digits. In other words, if the user doesn't provide the last four digits, they won't be provided with the last four digits. Bachmeier asked who wouldn't search for the last four digits. Fuglesten said you can't do a four digit search without a last name. Fleming said you can search by last name. Once you have done that search you can then search by name and last four digits of the SSN. Bachmeier said that while they have SSNs for current sellers and buyers, the problem is that they may not have the SSNs for prior sellers and buyers if a title search wasn't done in the past.

Bachmeier asked that the Wisconsin lien registry be reviewed to see what a 'not found' search looks like. It includes the obligor's name, the date and time, and that zero records were found. Bachmeier liked the way the not found information was displayed. The only change needed would be to substitute ND header information.

Oehlke asked if this was a propriety product. Do users need to purchase anything to access the lien registry? Fleming said users would just need to do a Google search to get to the site. There would be no charge for using the site. Bachmeier said that is how it works for judgments now.

Fleming said the lien registry doesn't substitute for the insurance match because the insurance match also provides locate information to CSE.

Bachmeier asked if they have the name of a prior title holder if CSE can provide them with a date of birth if they call CSE. Fleming said CSE could provide the date of birth but not the last four digits of the SSN. CSE also stores obligor addresses. Schwindt said the automated system started in 1998 so that is as far back as CSE automated information goes.

Fleming reviewed bill draft #1 and highlighted changes. Liens arise by operation of law. Earlier Representative Weisz had expressed concerns regarding second liens held by other lenders. This bill draft addresses those concerns. CSE's subordination is based on the date the lien was perfected. CSE would subordinate the portion that exceeds CSE's lien. Under the bill draft the secondary lien holder must request the

subordination within 90 days. Bachmeier asked about the timeframe when you are waiting for the closing on a mortgage. The application process starts and can take 8 weeks. In this example a CSE lien is issued four weeks into the process. Senator Lee said the loan could pay off the arrears. Fleming said some obligors do get loans to pay off arrears. Fleming said the subordination is based on the attempt to perfect. When were the required documents to perfect the lien mailed? Bachmeier said this situation recently occurred. Fleming suggested printing out the lien registry just before putting the lien in mail to the register of deeds. Bachmeier said that would solve the problem of timing when perfecting liens in other counties.

McDonald asked if page 2, line 12 should be revised to say '90 days… or' (instead of 90 days… and). This would solve Bachmeier's issue. Bachmeier agreed. Schwindt said the concern would be this would leave an open-ended calendar for subordination. McDonald said the lender would have to show they started the process before the CSE lien. Fleming asked what happens if the obligor won't give the title to the secondary lien holder either. Neither lien is then marked on title. In this situation CSE wouldn't even know another lender had a security interest. The suggestion was that once a lender gets confirmation to perfect the lien that they check the lien registry. That is how CSE would learn of the lender's interest.

Fleming said the bill draft means that CSE would no longer need to docket arrears by county and amount. Currently docketing is by county and is dollar specific. Bachmeier said child support judgments are different from other judgments in that they don't expire.

Goetz asked that language regarding good faith efforts by lenders be added to the bill draft in the area of subordination. Fleming said he borrowed the current language from the Wisconsin statute. This anticipates lenders in commercial settings who will know the danger of not checking the Lien Register. How would CSE enforce against a lender? This would leave it open for any lender to come back later and say they didn't know there was a lien on the property. Senator Lee said now closings are done on mobile homes and lenders need to do diligent searches. Goetz would like to have the language added because this makes the process more onerous every time they do a loan. Senator Lee asked if even with the web site the process would be more onerous. Goetz said this is one more step in the process and one more chance for staff to make a mistake (e.g., forget to check the lien registry). Schwindt suggested that Goetz consider offering an amendment to the bill draft if he feels a change is needed.

Bachmeier asked if the homestead is still exempt. Fleming said for child support purposes the obligor can claim only absolute exemptions. McDonald said the homestead is an absolute exemption. Fleming checked the statute and the homestead is exempt. Bachmeier said a purchase money mortgage would be like a homestead.

Fleming discussed the duties that would be the same duties as income payers (page 5).

McDonald raised questions about the fee noted on page 3, line 8 of the bill draft. Does this mean a bank could not charge fees? Fleming said this means the ND Department

of Transportation can't charge a fee to CSE. McDonald felt this needed to be clarified. Goetz suggested adding 'by the Department of Transportation.' Fleming said this is current law and he hadn't researched the intent of the law. McDonald said the concern is that banks can charge all kinds of fees now (e.g., ATM fees). Does this preclude banks from charging all types of fees? Fuglesten reminded the group this is the existing law, not a recommended change. Fleming will change the language at the beginning of the bill draft to 'amended and reenacted.'

Goetz referenced page 2, line 32 'within 15 days.' Could this be changed to 30 days? Devlin said the 15 days is current law. Have there been any complaints about the 15 days? No one was aware of any complaints. Senator Lee questioned fixing something that doesn't appear to be broken. Goetz said the change would avoid problems. Fleming said CSE doesn't have an issue with the 15 days. Senator Lee and Devlin expressed that since this is the law and there are not issues, there was not a need for a change. If a change is needed it should be fixed by the banking industry and not by CSE. Schwindt suggested that if there is a need for this change it can be done in the form of an amendment to the bill.

Fleming said some language from the previous bill draft was removed because the lien registry establishes the lien. Immunity from liability language on page 4 carries over concepts from income withholding. Changes on page 5 reference enforcement activities and include the consequences for not honoring CSE's lien (e.g., sanction by contempt of court, personal liability, late fees). These are the consequences of not honoring the lien and letting the money go. For example, CSE sees situations with family members who try to manipulate assets to the obligor's benefit.

Bachmeier asked when CSE would do lien registry updates. Fleming said earlier discussion was that updates be done at the end of each business day. Bachmeier said the Tax Department does their updates at night. She suggested updates be done at night (i.e., sometime after 5:00 p.m.). Fleming said CSE may only be able to post to the web site once a month. Schwindt said he would like to do daily updates. Updates would most probably be posted in the early morning, generally before 7:00 a.m. Bachmeier asked if the Wisconsin web site included search time. The web site was checked and it does include a date and time. Fleming said Wisconsin adds new names once a month and updates balances daily. CSE has started discussions with technical staff to see what options there are. Bachmeier asked that names not be added at the end of month. She suggested picking another date (e.g., the 8th).

<u>Bill draft #1 Lien Registry Amendment (good faith effort)</u>
Goetz made a motion that bill draft #1 be amended to add language regarding subordination when lenders make good faith efforts. Oehlke seconded the motion. Oehlke said that if a person borrows money against a vehicle but has already borrowed money against the vehicle with another lender, the second lender doesn't have priority over the first lender in that situation. Goetz said that is possibly true. Senator Lee said she planned to oppose the amendment because she didn't feel it was unreasonable for the lender to check the lien registry.

The vote on Bill draft #1 amendment (good faith effort) was:
Yes: Goetz, Oehlke. No: Bachmeier, Devlin, Fuglesten, Senator Lee, Fleming, Schwindt. Absent: Haake, Rud, Representative Weisz. Motion failed.

Bill draft #1 Lien Registry Amendment (change 15 to 30 days)
Goetz made a motion that bill draft #1 be amended to change from 15 to 30 days (page 2, line 32). Oehlke seconded the motion. Devlin said the 15 days is current law and there are not problems with it. If there was a need for a change it would have been done in a past legislative session. He does not see CSE as seeking this change. Fleming said the 15 days is a timeframe for the Department of Transportation to contact CSE regarding an obligor's refusal to surrender a title. This is a Department of Transportation deadline. CSE doesn't go straight to a penalty after these 15 days. Goetz withdrew his motion. Oehlke withdrew his second.

Bill draft #1 Lien Registry Amendment (fee)

Goetz made a motion that the language on page 3, line 8 be changed to: 4. No fee may be charged by a government agency for services provided under this section. Oehlke seconded the motion. Fuglesten said the fee language in question is currently in law. He didn't see suggesting this change as being within the Task Force's purview. Fleming said the fee in this section is related to the Department of Transportation. McDonald said when CSE sends a lien to a bank the bank is supplying the service and could charge its customer to send the title to CSE. This would be a bank option. Fleming said CSE wouldn't pay this fee. Goetz said the bank would charge the fee to the obligor. Goetz said the law as stated isn't clear about who is charging the fee. Devlin didn't feel there was a need to make the change. However, if a change is made, it should be changed to reference the Department of Transportation (i.e., 4. No fee may be charged by the director for services provided under this section.). Goetz and Oehlke agreed to this change to the amendment.

The vote on Bill draft #1 amendment (fee) was:
Yes: Devlin, Fuglesten, Goetz, Oehlke, Schwindt. No: Bachmeier, Senator Lee, Fleming. Absent: Haake, Rud, Representative Weisz. Motion carried.

Bill draft #1 Lien Registry with Approved Amendments

Bachmeier made a motion that Bill Draft #1 (lien registry) with approved amendments be recommended by the Task Force. Fuglesten seconded the motion.

The vote on Bill draft #1 with approved amendments was:
Yes: Bachmeier, Devlin, Fuglesten, Goetz, Senator Lee, Oehlke, Fleming, Schwindt.
Absent: Haake, Rud, Representative Weisz. Motion carried.

4. Review and Approval of Final Report

Fleming said the Final Report is formatted like a previous Final Report compiled by CSE. The Final Report was reviewed. Because some people may only read page one, the Summary of Recommendations was condensed. Senator Lee pointed out a redundance in the first paragraph. Fleming will remove the last sentence of the first paragraph. Fuglesten suggested expanding the third bullet on page one to include recommended legislation for those people who don't read past the first page. Fleming cautioned against adding so much information that it is no longer a summary. Fuglesten and Senator Lee suggested just naming the areas of proposed legislation (e.g., lien registry). Fleming will use general/generic language regarding proposed legislation. McDonald suggested it be summarized as recommending enactment of three bills. Devlin reminded the group that a vote has not yet been held on the insurance match bill draft but that there does seem to be consensus based on today's discussion. Fleming agreed.

No changes were suggested for the Background section.

Fleming will make the following language to the Purpose of Study, Initial Expectations: The remaining recommendations pertain to legislation that, if enacted, will not become effective until 2012 <u>or later</u>.

During the discussion of the Findings section bullet 'Government entities should be expected to provide the same amount of information as private business, if not more' the group asked about the status of government agencies in a number of areas. Fleming said the Risk Management Fund contacts CSE before paying out claims. The Insurance Reserve Fund is not participating in the insurance match program. The group expressed concerns about this failure to participate. Fleming said state agencies report new hire information. The Tax Department is an agency CSE would like to receive more information from. Senator Lee said there are privacy issues with Tax Department information so that likely won't change. Goetz asked why Tax Department information is more sensitive than the information the private sector has. Senator Lee said the Tax Department has all of a person's financial information as opposed to a bank that will only have as much financial information as is need to, for example, determine whether a customer qualifies for a loan. McDonald suggested the following change: A business should not be exposed to an increased chance of litigation ~~by parents~~ as a result of cooperating with CSE and honoring its directives.

Fleming will rework the Recommendations section to address the ultimate insurance match recommendation. He will address both the voluntary process and the August 1, 2013, mandatory process if that is the final recommendation.

Senator Lee said health care reform has more requirements for 1099s. It is unknown if there will be a way for CSE to connect with that information but it is something to watch.

Goetz cautioned CSE to keep in mind with that not all employees have to be treated equally when it comes to health insurance. When the web site for business profiles is developed, this will need to be accommodated. Fleming agreed.

Fleming said January 1, 2012, would be the implementation date for most of the Task Force's recommendation. However, there may be good reasons for implementing some of the insurance match changes earlier. Fuglesten suggested August 1, 2011, for those changes. Fleming will look at three dates for legislation implementation. Any bills that contain appropriations begin July 1 after the legislative session.

McDonald asked if these will be separate bills. Fleming said this will be discussed later in the agenda.

Fleming said if consensus is reached on the insurance match this will result in changes to Areas Lacking Consensus and other areas of the Final Report (e.g., Recommendations).

No changes were suggested for the Conclusion section.

Fleming said that after the last changes are made to the Final Report the Task Force members will vote on it.

5. Final Details

Fleming said that over the course of Task Force meetings seven bill drafts were written. Two were not recommended by the Task force: increased financial institution and employer/income withholding reimbursement.

The group discussed the pros and cons of rolling the remaining five bill drafts into one piece of legislation vs. multiple bills.

Fuglesten suggested putting them into about four bills. Last session bill 1175 had so many moving parts it got confusing. Senator Lee said that was true but the concern is that separate bills may end up split among different committees. It is important that they all be looked at together. An advantage to having one committee look at them as a bundle is that one committee will be able to see how they work together for CSE. The Human Service Committee could likely be the recipient of a bundled bill like this. The recommended legislation needs to be bundled into one big effort. If the bills are split up the Insurance match might end up in another committee (e.g., Industry, Business and Labor or Judiciary). Ultimately, leadership decides which committee receives the bills.

Fuglesten asked about standing to introduce legislation. Would this be an agency bill? Senator Lee said it could also be sponsored by individual legislators. Fleming said when the Final Report was done for state administration the Report was provided to the chairs of human services committees. Legislators introduced the legislation. McDonald was concerned that if one part of the bill wasn't supported, it could jeopardize the entire

bill. Devlin said if that situation arises during the legislative session it would be easy to separate out the different components. McDonald asked who would sponsor the legislation. Is the Task Force looking for a legislator to sponsor? Schwindt said that usually the Department of Human Services first seeks a legislator to introduce legislation. CSE will give the Final Report to the committee chair. If a sponsor isn't found the Governor's office will need to decide if it will introduce the legislation. Senator Lee said that since there are legislators on the Task Force it would be good to have a legislator as a sponsor. As an example, welfare reform had legislator co-sponsors. There are some benefits to that approach. Fuglesten said if the bill was heard before only one committee there would not be a need to have to go through all the background with multiple committees. McDonald agreed it would be good to have legislator sponsors.

Fleming asked if there was consensus to wrap all the proposed legislation into one bill. The response was yes.

Devlin asked if any future votes needed will be done by email (i.e., insurance match and Final Report). Schwindt said yes, unless someone wants to meet to discuss anything further. No interest was expressed in another meeting.

Fleming thanked Reierson for doing the minutes. Schwindt thanked Task Force members and visitors for their work. He said that nothing would have been gained by not having these discussions. The beneficiaries of the Task Force's efforts will be kids and taxpayers. CSE learned a lot from this group and this will benefit CSE in the long run.

Fuglesten and Bachmeier expressed their appreciation for the organization of materials. Senator Lee expressed her thanks to the group.

Schwindt reminded members to submit their travel vouchers.

6. Adjourn