Statute Review Workgroup
Minutes

Date: April 12, 2011	Time: Noon to 1:00 p.m.	Location: AOC – Conf Room 345B

Minute Taker: Kathy Sekardi

Members Attending:

☑ Comm. Stephen Kupiszewski – Acting Chair	☐ Veronica Hart Ragland
☐ Theresa Barrett	☑ Janet Sell
☑ Pat Griffin	☐ Bianca Varelas-Miller
☐ Brandon Maxwell	☑ Donald Vert

Staff/Admin. Support: Kathy Sekardi

Guests: Pat Griffin, Policy Manager, DCSE; Kay Radwanski, AOC Court Analyst

Matters Considered:

Meeting commenced at: 12:06 p.m.

Members discussed:

1. ARS § 23-722.01 Employer or payor reporting; exceptions (Proposed language handout.)
   Janet Sell, AAG, reported the Claim Restitution Act of 2010, (42 USC 653a(b)(1)(A)), added language to federal law that requires the employer to report the date the employee first performed services for pay. The changes made to the proposed language mirror the income withholding order reporting law. Janet reported the last time this change was proposed there was a lot of push-back from lobbyists. Janet will research the genesis of sub-section (K), including information regarding the impact to the trucking, realtor, and insurance industries.

   Motion: Refer this proposed legislation to the CSC with additional language that adds a court penalty, if feasible. Seconded. Motion passed unanimously.

2. ARS § 25-505.01 Administrative income withholding order; notice; definition (Proposed language handout.)
   A. Regarding "EFT" (electronic funds transfers):
      - Janet Sell reported that EFT makes processing payments more efficient.
      - Janet researched other states' language that didn't further burden the employers.
      - The issue is how to identify employers who have the ability to process by EFT.

B. Regarding attempts to collect bonus compensation:
- Don Vert reports the COSC doesn't have authority to collect lump sums.
- The AG staff asks the judiciary to make an order of assignment non-modifiable without a court order…this is a judicial education issue.
- What is the law that requires employers to report lump sums?
- Issue: Do these have to be reduced to a judgment prior to attachment?
- Issue: If so, who keeps track of this?
- Don Vert will research the notice to employer for withholding.

C. Changes made to proposed language below in red font:

F. EFFECTIVE _____, AN EMPLOYER OR PAYOR MUST MAKE PAYMENTS TO THE CLEARINGHOUSE BY ELECTRONIC FUNDS TRANSFER IF ANY OF THE FOLLOWING CONDITIONS ARE MET:

1. THE EMPLOYER OR PAYOR IS REQUIRED TO PAY STATE TAXES BY ELECTRONIC FUNDS TRANSFER PURSUANT TO A.R.S. § 42-1129;
2. THE EMPLOYER OR PAYOR PAYS SOME OR ALL OF ITS EMPLOYEES BY DIRECT DEPOSIT;
3. THE EMPLOYER OR PAYOR HAS TEN OR MORE EMPLOYEES OR PAYEES WITH AN INCOME WITHHOLDING ORDER FOR SUPPORT; OR
4. THE EMPLOYER OR PAYOR HAS FIFTY OR MORE EMPLOYEES.
5. THE EMPLOYER OR PAYOR USES A PAYROLL PROCESSING SERVICE.

D. Outreach efforts
- Efforts have been made to reach the Payroll Association, the Support Payment Clearinghouse (Andy Wangrycht presents to employers' groups), and with the DES OCI program director, Margie Cook.

Motion: Move to present the proposed legislation to the CSC with modifications as discussed. Seconded. Motion passed unanimously.

3. Other considerations: Insurance companies and personal injury awards.
- Some states such as MA and NJ require insurance companies to check for arrears before issuing personal injury awards.
- NJ also requires attorneys to check this registry before issuing award money.