Senate Engrossed

chiropractic; technical correction

(now: community property; spousal maintenance; documentation)

State of Arizona Senate Fifty-sixth Legislature First Regular Session 2023

### **SENATE BILL 1151**

AN ACT

AMENDING SECTIONS 25-318, 25-319 AND 25-320, ARIZONA REVISED STATUTES; RELATING TO DISSOLUTION OF MARRIAGE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

- i -

Be it enacted by the Legislature of the State of Arizona: Section 1. Section 25-318, Arizona Revised Statutes, is amended to read:

# 25-318. <u>Disposition of property; retroactivity; notice to creditors; assignment of debts; contempt of court</u>

- A. In a proceeding for dissolution of marriage, for annulment or for legal separation, or in a proceeding for disposition of property following dissolution of the marriage by a court that previously lacked personal jurisdiction over the absent spouse or previously lacked jurisdiction to dispose of the property, the court shall assign each spouse's sole and separate property to such spouse. Except as provided in section 25-318.02, the court shall also divide the community, joint tenancy and other property held in common equitably, though not necessarily in kind, without regard to marital misconduct. For the purposes of this section only, property acquired by either spouse outside this state shall be deemed to be community property if the property would have been community property if acquired in this state.
- B. In dividing property, the court may consider all debts and obligations that are related to the property, including accrued or accruing taxes that would become due on the receipt, sale or other disposition of the property. The court may also consider the exempt status of particular property pursuant to title 33, chapter 8.
- C. This section does not prevent the court from considering all actual damages and judgments from conduct that resulted in criminal conviction of either spouse in which the other spouse or a child was the victim or excessive or abnormal expenditures, destruction, concealment or fraudulent disposition of community, joint tenancy and other property held in common.
- D. The community, joint tenancy and other property held in common for which no provision is made in the decree shall be from the date of the decree held by the parties as tenants in common, each possessed of an undivided one-half interest.
- E. IN ASSESSING THE VALUE OF A BUSINESS INTEREST FOR THE PURPOSES OF DETERMINING THE COMMUNITY SHARE TO BE PAID TO THE SPOUSE WHO WILL NO LONGER MAINTAIN THAT SPOUSE'S INTEREST IN THE BUSINESS, THE COURT SHALL ASSESS THE VALUE OF THE BUSINESS AS OF THE DATE OF SERVICE OF THE PETITION FOR DISSOLUTION OF MARRIAGE, LEGAL SEPARATION OR ANNULMENT, AND, BEGINNING ON THE DATE OF SERVICE OF THE PETITION, THAT SPOUSE IS NOT ENTITLED TO ANY SHARE OF THE BUSINESS'S PROFITS AND IS NOT RESPONSIBLE FOR ANY NEW LIABILITIES INCURRED BY THE BUSINESS. ANY COMPENSATION TO THE BUSINESS OWNER THAT IS INCLUDED IN THE VALUE OF THE BUSINESS SHALL NOT BE USED FOR THE PURPOSES OF CALCULATING SPOUSAL MAINTENANCE OR CHILD SUPPORT.
- E. F. The court may impress a lien on the separate property of either party or the marital property awarded to either party in order to secure the payment of:

- 1 -

- 1. Any interest or equity the other party has in or to the property.
- 2. Community debts that the court has ordered to be paid by the parties.
  - 3. An allowance for child support or spousal maintenance, or both.
- 4. All actual damages and judgments from conduct that resulted in criminal conviction of either spouse in which the other spouse or a child was the victim.
- F. G. The decree or judgment shall specifically describe by legal description any real property affected and shall specifically describe any other property affected.
- G. H. This section applies through both prospective and retrospective operation to property without regard to the date of acquisition.
- H. I. In all actions for dissolution of marriage, annulment or legal separation, the court shall require the following statement in the materials provided to the petitioner and to be served on the respondent:

#### Notice

In your property settlement agreement or decree of dissolution, annulment or legal separation, the court may assign responsibility for certain community debts to one spouse or the other. Please be aware that a court order that does this is binding on the spouses only and does not necessarily relieve either of you from your responsibility for these community debts. These debts are matters of contract between both of you and your creditors (such as banks, credit unions, credit card issuers, finance companies, utility companies, medical providers and retailers).

Since your creditors are not parties to this court case, they are not bound by court orders or any agreements you and your spouse reach in this case. On request, the court may impose a lien against the separate property of a spouse to secure payment of debts that the court orders that spouse to pay.

You may want to contact your creditors to discuss your debts as well as the possible effects of your court case on your debts. To assist you in identifying your creditors, you may obtain a copy of your spouse's credit report by making a written request to the court for an order requiring a credit reporting agency to release the report to you. Within thirty days after receipt of a request from a spouse who is party to a dissolution of marriage or legal separation action, which includes the court and case number of the action, creditors are required by law to provide information as to the balance and account status of any debts for which the requesting

- 2 -

1	spouse may be liable to the creditor. You may wish to use the
2	following form, or one that is similar, to contact your
3	creditors:
4	Creditor notification
5	Date:
6	Creditor name and
7	Address:
8	
9	
10	Within thirty days after receipt of this notice, you are
11	requested to provide the balance and account status of any
12	debt identified by account number for which the requesting
13	party may be liable to you.
14	Name:
15	Address:
16	
17	
18	
19	(signature)
20	(1.3
21	(printed name)
22	J. On the written request of any party to a pending dissolution
23	of marriage, annulment or legal separation action, the court, except for
24	good cause shown, shall issue an order requiring any credit reporting
25	agency to release the credit report as to the spouse of the requesting
26	party on payment by the requesting party of any customary fee for
27	providing the credit report.
28	J. K. On the request of either party and except for good cause
29	shown, the court shall require the parties to submit a debt distribution
30	plan that states the following:
31	1. How community creditors will be paid.
32	2. Whether any agreements have been entered into between the
33	parties as to responsibility for the payment of community debts, including
34	what, if any, collateral will secure the payment of the debt.
35	3. Whether the parties have entered into agreements with creditors
36	through which a community debt will be the sole responsibility of one
37	
38	party.  K. L. The following form may be used to verify agreements with
39	
	creditors:
40	Agreement with creditor
41	The parties to this agreement include
42	and who are parties to a dissolution of
43	marriage action filed in county superior
44	court, Arizona, case number and and

- 3 -

1	who is a duly authorized representative of
2	(creditor).
3	The undersigned parties agree that the debt owed by the
4	parties to (creditor) is to be disposed of
5	as follows (check one):
6	The debt is the joint responsibility of the
7	parties, with payment to be made on the following
8	terms:
9	
10	
11	The balance of the debt is the sole responsibility
12	of and the creditor releases
13	from any further liability for that debt,
14	with payment to be made on the following terms:
15	
16	
17	
18	The debt has been paid in full as of this date.
19	We the undersigned acknowledge this agreement.
20	Dated:
21	
22	Debtor Debtor
23	
24	Creditor's representative
25	Subscribed and sworn to before me this day of,
26	·
27	
28	Notary Public
29	★ M. If the parties are not able to agree to a joint

- distribution plan pursuant to subsection do K of this section, the court may order each party to submit a proposed debt distribution plan to the court. In its orders relating to the division of property, the court shall reflect the debt distribution plan approved by the court and shall confirm that any community debts that are made the sole responsibility of one of the parties by agreement with a creditor are the sole responsibility of that party.
- M. N. An agreement with a creditor pursuant to subsection K—L of this section that assigns or otherwise modifies repayment responsibility for community debts secured by real property located in this state shall include all of the following:
  - 1. A legal description of the real property.
- 2. A copy of the note and recorded security instrument, the repayment of which is to be assigned or modified by the agreement with a creditor.

- 4 -

- 3. A written and notarized acknowledgment that is executed by all parties to the debt, including the lender, and that states one of the following:
  - (a) The terms for the repayment of the debt remain unchanged.
- (b) The terms for the repayment of the debt have been modified and, beginning on the date of the execution of the acknowledgment, the creditor has agreed that one of the debtors assumes the sole responsibility for the debt and that the other debtor is released from any further liability on the debt.
- (c) The debt is paid in full and all parties to the debt are released from any further liability.
- ${\it N.}$  0. An agreement executed pursuant to subsection  ${\it M-}$  N of this section shall be recorded by either party in the county in which the real property is located.
- . P. After an agreement is recorded pursuant to subsection N-0 of this section, either party may request that on payment of the title company's fees for the document a title company authorized to do business in this state provide the requesting party with a lien search report or other documentary evidence of liens and other agreements of record in the title to the property.
- P. Q. If a party fails to comply with an order to pay debts, the court may enter orders transferring property of that spouse to compensate the other party. If the court finds that a party is in contempt as to an order to pay community debts, the court may impose appropriate sanctions under the law. A party must bring an action to enforce an order to pay a debt pursuant to this subsection within two years after the date in which the debt should have been paid in full.
- Q. R. Within thirty days after receipt of a written request for information from a spouse who is a party to a dissolution of marriage or legal separation action, which includes the court and case number of the action, a creditor shall provide the balance and account status of any debts of either or both spouses identified by account number for which the requesting spouse may be liable to the creditor.
- ${\sf R.}$  S. If any part of the court's division of joint, common or community property is in the nature of child support or spousal maintenance, the court shall make specific findings of fact and supporting conclusions of law in its decree.
- Sec. 2. Section 25-319, Arizona Revised Statutes, is amended to read:

### 25-319. Maintenance; guidelines; computation factors

A. In a proceeding for dissolution of marriage or legal separation, or a proceeding for maintenance following dissolution of the marriage by a court that lacked personal jurisdiction over the absent spouse, the court may grant a maintenance order for either spouse for any of the following reasons if it finds that the spouse seeking maintenance:

- 5 -

- 1. Lacks sufficient property, including property apportioned to the spouse, to provide for that spouse's reasonable needs.
- 2. Lacks earning ability in the labor market that is adequate to be self-sufficient.
- 3. Is the parent of a child whose age or condition is such that the parent should not be required to seek employment outside the home.
- 4. Has made a significant financial or other contribution to the education, training, vocational skills, career or earning ability of the other spouse or has significantly reduced that spouse's income or career opportunities for the benefit of the other spouse.
- 5. Had a marriage of long duration and is of an age that may preclude the possibility of gaining employment adequate to be self-sufficient.
- B. The supreme court shall establish guidelines for determining and awarding spousal maintenance. The court may award spousal maintenance pursuant to the guidelines only for a period of time and in an amount necessary to enable the receiving spouse to become self-sufficient. The amount of spousal maintenance resulting from the application of the guidelines shall be the amount of spousal maintenance ordered by the court, unless the court finds in writing that applying the guidelines would be inappropriate or unjust. The supreme court shall base the guidelines and criteria for deviation from the guidelines on the following relevant factors listed in paragraphs 1 through 13 of this subsection and considered together and weighed in conjunction with each other:
  - 1. The standard of living established during the marriage.
  - 2. The duration of the marriage.
- 3. The age, employment history, earning ability and physical and emotional condition of the spouse seeking maintenance.
- 4. The ability of the spouse from whom maintenance is sought to meet that spouse's needs while meeting those of the spouse seeking maintenance.
- 5. The comparative financial resources of the spouses, including their comparative earning abilities in the labor market.
- 6. The contribution of the spouse seeking maintenance to the earning ability of the other spouse.
- 7. The extent to which the spouse seeking maintenance has reduced that spouse's income or career opportunities for the benefit of the other spouse.
- 8. The ability of both parties after the dissolution to contribute to the future educational costs of their mutual children.
- 9. The financial resources of the party seeking maintenance, including marital property apportioned to that spouse, and that spouse's ability to meet that spouse's own needs independently.

- 6 -

- 10. The time necessary to acquire sufficient education or training to enable the party seeking maintenance to find appropriate employment and whether such education or training is readily available.
- 11. Excessive or abnormal expenditures, destruction, concealment or fraudulent disposition of community, joint tenancy and other property held in common.
- 12. The cost for the spouse who is seeking maintenance to obtain health insurance and the reduction in the cost of health insurance for the spouse from whom maintenance is sought if the spouse from whom maintenance is sought is able to convert family health insurance to employee health insurance after the marriage is dissolved.
- 13. All actual damages and judgments from conduct that resulted in criminal conviction of either spouse in which the other spouse or a child was the victim.
- $\ensuremath{\text{\textbf{C}}}.$  A maintenance order shall be made without regard to marital misconduct.
- D. If UNLESS both parties agree OTHERWISE, the maintenance order and a decree of dissolution of marriage or of legal separation  $\frac{may}{may}$  SHALL state that its maintenance terms shall not be modified.
- E. Except as provided in subsection D of this section or section 25-317, subsection G, the court shall maintain continuing jurisdiction over the issue of maintenance for the period of time maintenance is awarded.
- Sec. 3. Section 25-320, Arizona Revised Statutes, is amended to read:

## 25-320. <u>Child support; factors; methods of payment;</u> additional enforcement provisions; definitions

- A. In a proceeding for dissolution of marriage, legal separation, maintenance or child support, the court may order either or both parents owing a duty of support to a child, born to or adopted by the parents, to pay an amount reasonable and necessary for support of the child, without regard to marital misconduct.
- B. If child support has not been ordered by a child support order and if the court deems child support appropriate, the court shall direct, using a retroactive application of the child support guidelines to the date of filing a dissolution of marriage, legal separation, maintenance or child support proceeding, the amount that the parents shall pay for the past support of the child and the manner in which payment shall be paid, taking into account any amount of temporary or voluntary support that has been paid. Retroactive child support is enforceable in any manner provided by law.
- C. If the parties lived apart before the date of the filing for dissolution of marriage, legal separation, maintenance or child support and if child support has not been ordered by a child support order, the court may order child support retroactively to the date of separation, but

- 7 -

 not more than three years before the date of the filing for dissolution of marriage, legal separation, maintenance or child support. The court must first consider all relevant circumstances, including the conduct or motivation of the parties in that filing and the diligence with which service of process was attempted on the obligor spouse or was frustrated by the obligor spouse. If the court determines that child support is appropriate, the court shall direct, using a retroactive application of the child support guidelines, the amount that the parents must pay for the past support of the child and the manner in which payments must be paid, taking into account any amount of temporary or voluntary support that has been paid.

- D. The supreme court shall establish guidelines for determining the amount of child support. The amount resulting from the application of these guidelines is the amount of child support ordered unless a written finding is made, based on criteria approved by the supreme court, that application of the guidelines would be inappropriate or unjust in a particular case. The supreme court shall review the guidelines at least once every four years to ensure that their application results in the determination of appropriate child support amounts. The supreme court shall base the guidelines and criteria for deviation from them on all relevant factors, considered together and weighed in conjunction with each other, including:
  - 1. The financial resources and needs of the child.
  - 2. The financial resources and needs of the custodial parent.
- 3. The standard of living the child would have enjoyed if the child lived in an intact home with both parents to the extent it is economically feasible considering the resources of each parent and each parent's need to maintain a home and to provide support for the child when the child is with that parent.
- 4. The physical and emotional condition of the child, and the child's educational needs.
  - 5. The financial resources and needs of the noncustodial parent.
- 6. The medical support plan for the child. The plan should include the child's medical support needs, the availability of medical insurance or services provided by the Arizona health care cost containment system and whether a cash medical support order is necessary.
- 7. Excessive or abnormal expenditures, destruction, concealment or fraudulent disposition of community, joint tenancy and other property held in common.
  - 8. The duration of parenting time and related expenses.
- E. Even if a child is over the age of majority when a petition is filed or at the time of the final decree, the court may order support to continue past the age of majority if all of the following are true:
- 1. The court has considered the factors prescribed in subsection  ${\tt D}$  of this section.

- 8 -

- 2. The child has severe mental or physical disabilities as demonstrated by the fact that the child is unable to live independently and be self-supporting.
- 3. The child's disability began before the child reached the age of majority.
- F. If a child reaches the age of majority while the child is attending high school or a certified high school equivalency program, support shall continue to be provided during the period in which the child is actually attending high school or the equivalency program but only until the child reaches nineteen years of age unless the court enters an order pursuant to subsection E of this section. Notwithstanding any other law, a parent paying support for a child over the age of majority pursuant to this section is entitled to obtain all records related to the attendance of the child in the high school or equivalency program.
- G. If a personal check for support payments and handling fees is rightfully dishonored by the payor bank or other drawee, the person obligated to pay support shall make any subsequent support payments and handling fees only by cash, money order, cashier's check, traveler's check or certified check. If a person required to pay support other than by personal check demonstrates full and timely payment for twenty-four consecutive months, that person may pay support by personal check if these payments are for the full amount, are timely tendered and are not rightfully dishonored by the payor bank or other drawee.
- H. Subsection G of this section does not apply to payments made by means of an assignment.
- I. If after reasonable efforts to locate the obligee the clerk or support payment clearinghouse is unable to deliver payments for the period prescribed in section 25-503 due to the failure of the person to whom the support has been ordered to be paid to notify the clerk or support payment clearinghouse of a change in address, the clerk or support payment clearinghouse shall not deliver further payments and shall return the payments to the obligor consistent with the requirements of section 25-503.
- J. An order for child support shall assign responsibility for providing medical insurance for the child who is the subject of the support order to one of the parents and shall assign responsibility for the payment of any medical costs of the child that are not covered by insurance according to the child support guidelines. Each parent shall provide information to the court regarding the availability of medical insurance for the child that is accessible and available at a reasonable cost. In title IV-D cases, the parent responsible pursuant to court order for providing medical insurance for the child shall notify the child support enforcement agency in the department of economic security if medical insurance has been obtained or if the child is no longer covered under an insurance plan.

- 9 -

- K. If the court finds that neither parent has the ability to obtain medical insurance for the child that is accessible and available at a reasonable cost, the court shall:
- 1. In a title IV-D case, in accordance with established title IV-D criteria, establish a reasonable monthly cash medical support order to be paid by the obligor. If medical assistance is being provided to a child under title XIX of the social security act, cash medical support is assigned to the state pursuant to section 46-407. On verification that the obligor has obtained private insurance, the cash medical support order terminates by operation of law on the first day of the month after the policy's effective date or on the date the court, or the department in a title IV-D case, is notified that insurance has been obtained, whichever is later. If the private insurance terminates, the cash medical support order automatically resumes by operation of law on the first day of the month following the termination date of the policy.
- 2. Order one parent to provide medical insurance when it becomes accessible and available at a reasonable cost.
- 3. Order that medical costs in excess of the cash medical support amount shall be paid by each parent according to the percentage assigned for payment of uninsured costs.
- L. In a title IV-D case, if the court orders the noncustodial parent to obtain medical insurance the court shall also set an alternative cash medical support order to be paid by that parent if the child is not covered under an insurance plan within ninety days after entry of the order or if the child is no longer covered by insurance. The court shall not order the custodial parent to pay cash medical support.
- M. In title IV-D cases the superior court shall accept for filing any documents that are received through electronic transmission if the electronically reproduced document states that the copy used for the electronic transmission was certified before it was electronically transmitted.
- N. The court shall presume, in the absence of contrary testimony, that a parent is capable of full-time employment at least at the applicable state or federal adult minimum wage, whichever is higher. This presumption does not apply to noncustodial parents who are under eighteen years of age and who are attending high school.
- 0. An order for support shall provide for an assignment pursuant to sections 25-504 and 25-323.
- P. Each licensing board or agency that issues professional, recreational or occupational licenses or certificates shall record on the application the social security number of the applicant and shall enter this information in its database in order to aid the department of economic security in locating parents or their assets or to enforce child support orders. This subsection does not apply to a license that is issued pursuant to title 17 and that is not issued by an automated drawing

- 10 -

system. If a licensing board or agency allows an applicant to use a number other than the social security number on the face of the license or certificate while the licensing board or agency keeps the social security number on file, the licensing board or agency shall advise an applicant of this fact.

- Q. The factors prescribed pursuant to subsection D of this section are stated for direction to the supreme court. Except pursuant to subsection E of this section and sections 25-501 and 25-809, the superior court shall not consider the factors when making child support orders, independent of the child support guidelines.
- R. IF A PARTY STIPULATES THAT THE PARTY'S INCOME IS AT OR EXCEEDS THE MAXIMUM CHILD SUPPORT INCOME LEVEL UNDER THE CHILD SUPPORT GUIDELINES, THE COURT MAY NOT REQUIRE THAT PARTY TO PROVIDE INCOME DOCUMENTATION FOR THE PURPOSES OF CALCULATING GUIDELINE CHILD SUPPORT UNLESS THE COURT DETERMINES THAT UPWARD DEVIATION FOR CHILD SUPPORT MAY BE APPROPRIATE.
  - R. S. For the purposes of this section:
- 1. "Accessible" means that insurance is available in the geographic region where the child resides.
- 2. "Child support guidelines" means the child support guidelines that are adopted by the state supreme court pursuant to 42 United States Code sections 651 through 669B.
- 3. "Date of separation" means the date the married parents ceased to cohabit.
- 4. "Reasonable cost" means an amount that does not exceed the higher of five per cent PERCENT of the gross income of the obligated parent or an income-based numeric standard that is prescribed in the child support guidelines.
  - 5. "Support" has the same meaning prescribed in section 25-500.
- 6. "Support payments" means the amount of money ordered by the court to be paid for the support of the minor child or children.

- 11 -