

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 16

(Senator Sydnor)

Judicial Proceedings

Judiciary

Child Support - Earnings Withholdings Limits

This bill limits the amount that an employer, on receipt of an earnings withholding order or notice, may deduct from an obligor’s earnings under certain circumstances. Specifically, the amount deducted may not exceed 35% of the obligor’s disposable earnings if the obligor’s individual income for the current year does not exceed 250% of the federal poverty guidelines for a family of one. The bill also authorizes an employee to contest the amount of a withholding based on this limitation. **The bill takes effect October 1, 2028.**

Fiscal Summary

State Effect: State expenditures for the Department of Human Services (DHS) increase by \$618,800 in FY 2029 for initial programming costs and by approximately \$59,500 annually thereafter for recurring programming updates. Federal fund matching revenues increase accordingly. The bill is not anticipated to materially affect the workload of the Judiciary or the Office of Administrative Hearings (OAH).

(in dollars)	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
FF Revenue	\$408,400	\$39,300	\$39,300	\$39,300	\$39,300
GF Expenditure	\$210,400	\$20,200	\$20,200	\$20,200	\$20,200
FF Expenditure	\$408,400	\$39,300	\$39,300	\$39,300	\$39,300
Net Effect	(\$210,400)	(\$20,200)	(\$20,200)	(\$20,200)	(\$20,200)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill is not anticipated to materially affect circuit court operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Current Law:

Earnings Withholding Limitations – § 10-122 of the Family Law Article

Statute includes numerous requirements regarding the use of earnings withholding orders, which are orders issued to an employer to require the deduction of certain support payments (e.g., child support, spousal support) from the earnings of an obligor.

Generally, the amount of an earnings withholding must (1) be enough to pay the support and any arrearage included in the payments required by the support order and (2) include any arrearage accrued since the support order. When arrearages are part of an earnings withholding order or earnings withholding notice, the total arrearage withheld must be in one lump-sum payment or apportioned over a period of time. The amount of the arrearage withheld must be determined by the court or, in a case in which the Child Support Administration (CSA) is providing services, by CSA. The amount of arrears apportioned to each payment must be at least \$1 but not more than 25% of the current support payment.

If there is more than one earnings withholding order or earnings withholding notice against a single obligor, CSA must allocate amounts available for withholding, giving priority to current support, up to the limits imposed by the federal Consumer Credit Protection Act (CCPA).

Deductions From Obligor's Earnings – § 10-129 of the Family Law Article

On receipt of a copy of an earnings withholding order or earnings withholding notice, an employer must, beginning with the next pay period after receipt of the earnings withholding order or notice (1) deduct the amount of the withholding from the obligor's earnings on a regular basis and (2) send the deducted net amount directly to the State disbursement unit within seven days, as specified. An employer may deduct and retain from the obligor's wages an additional \$2 for each deduction made under the earnings withholding order or notice. An employer may not use the withholding as a basis for reprisal against the obligor, dismissal of the obligor from employment, or refusal to hire or promote the obligor.

Subject to limitations, the recipient or the support enforcement agency may bring a civil action against an employer who willfully violates the above provisions. An employer is liable for damages in an amount equal to the amount of any withholding that the employer failed to deduct from the obligor's earnings or failed to send within the time limits set forth above. The employer's liability must be in addition to any amounts paid directly or indirectly by the obligor.

Contents and Effect of Orders

An earnings withholding order or notice sent to the obligor's employer must be a separate document (not including any other orders or pleadings), and must include, among other information, the amount to be withheld from the obligor's earnings, including explanation of the application of CCPA. The employer is then required to withhold the stated amount on a regular and continuing basis beginning at the start of the next pay period after receipt of the order/notice.

An earnings withholding order or notice is binding on each present and future employer of the obligor on whom a copy of the earnings withholding order or notice is served. Subject to federal law, an earnings withholding order or notice has priority over any other lien or legal process. The copy of the earnings withholding order or notice served on the employer of the obligor must contain a statement that upon willful violation of the order or notice, the employer is subject to civil penalties.

Earnings Withholding Orders Upon Request of Obligor or in Contempt Proceedings – § 10-138 of the Family Law Article

Upon request of the obligor, the court must immediately authorize service of an earnings withholding order. A court may at any time issue an earnings withholding order in a contempt (or other) proceeding if (1) the recipient or the support enforcement agency has filed a petition that includes a request for an earnings withholding order and (2) the obligor is in arrears in support payments of more than 30 days.

A hearing must be held if the obligor appears and contests the issuance of the order. The amount of the order must be enough to pay the support as originally entered by the court and may include a part of the arrearage.

Administrative Contests of Withholdings

Statute outlines the process for an employee to contest a withholding, request an investigation, and initiate an appeal of the CSA's decision (to be heard by OAH).

In general, the only issues that may be contested, initially or in an appeal, are (1) the identity of the employee; (2) whether there is an underlying court order requiring the employee to provide health insurance coverage for the employee's child; (3) that the amount of the withholding exceeds the limits of CCPA; and (4) that the child for whom health insurance coverage is sought is emancipated.

"Earnings" includes (1) any form of periodic payment to an individual, including an annuity, a pension, Social Security payments, worker's compensation payments, and

unemployment insurance benefits and (2) any commissions or fees paid in connection with the obligor's employment.

State Fiscal Effect: DHS anticipates the need for five additional Attorneys General and programming updates to the Child Support Management System (CSMS) at a cost of \$1.38 million in fiscal 2029, which accounts for the bill's delayed effective date of October 1, 2028, and approximately \$1.0 million on an annual basis. DHS primarily bases its staffing estimate on potential challenges related to an employer's interpretation of "current year," (*i.e.*, current calendar year, the year-to-date, the past 12 months, or the State or federal fiscal year), and an expected increase in administrative challenges from obligors alleging an incorrect amount was withheld.

However, without actual experience under the bill, the Department of Legislative Services (DLS) cannot independently verify at this time whether the number of withholding errors likely to be made due to the bill's provisions results in the need for additional staff to handle an increase in administrative challenges and related actions. DLS notes that employers are already responsible under current practice for making necessary calculations and withholdings of an obligor's income based upon any withholding notice/order received from CSA; thus, the tasks required by employers under the bill are not completely unfamiliar. Further, in light of the delayed effective date of the bill, DHS likely has ample time to update standard forms, promulgate any necessary/clarifying regulations, and develop specific instruction to employers on how to calculate or define the "current year," all of which may help mitigate potential issues with implementation. To the extent that, once implemented, DHS experiences a significant volume of additional protests and administrative challenges due to potentially erroneous withholdings under the bill, it can request additional resources for related staff during the annual budget process.

As referenced above, enhancements to CSMS are necessary, including to (1) incorporate the additional basis under the bill for contesting an amount withheld; (2) allow for the tracking of related administrative challenges; and (3) annually update notices to reflect the appropriate federal poverty level. Accordingly, State expenditures increase by \$618,840 in fiscal 2029 (\$408,434 federal funds/\$210,406 general funds) and by \$59,520 annually thereafter (\$39,283 federal funds/\$20,237 general funds); federal fund revenues increase accordingly.

It is also noted that DHS receives performance incentive payments related to certain federal performance goals, including the total amount of child support collections. For context, DHS advises that it received \$7.5 million in federal incentive payments in federal fiscal 2023. By limiting the amounts that may be garnished from certain obligors, there is likely to be an overall reduction in child support collections, potentially impacting achievement of federal performance goals and corresponding incentive payments. As any

impact exclusively attributable to the bill cannot be reliably estimated, it is not reflected in this analysis.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 142 (Delegate Taylor) - Judiciary.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Human Services; Office of Administrative Hearings; Department of Legislative Services

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