



HB647 – Child Support – Reporting of Employment Information
Judiciary Committee
February 13, 2020

Position: Oppose

Background: HB647 would require employment information to be reported to the Department of Human Services and would alter the law to include independent contractors who receive payment reported on a 1099 form.

Comments: Our members who are sales contractors have concerns with the expanded reporting requirements set out in HB647. The workforce in this business community is made up of independent contractors who, due to the nature of the field, are free to come and go quickly between businesses. These contractors are issued 1099 forms if they make over \$600 with an individual business. Requiring those companies to report employee information for each independent contractor in a field with such fluid employment would be an undue burden to both the companies and the independent contractors working as salespeople.

We would recommend that the following language, drawn from Maryland Code § 8-206(b), be included in the bill to specifically define and exempt direct sellers:

(b) Direct sellers. -- Work that a direct seller performs is not covered employment if the Secretary is satisfied that:

- (1) the direct seller is engaged in the trade or business of selling consumer products:
 - (i) in the home or at any other location outside of a permanent retail establishment; or
 - (ii) to a buyer on a buy-sell basis, a deposit-commission basis, or any similar basis for resale by the buyer or any other person in the home or at any other location outside of a permanent retail establishment;
- (2) the direct seller and the person for whom the work is performed have entered into a written agreement that is currently in effect;
- (3) substantially all of the compensation for the employment is related directly to sales or other output, including the performance of a service, rather than to the number of hours worked; and
- (4) the written agreement states that the direct seller will not be treated as an employee for the purpose of State and federal income taxes with respect to the employment performed under the agreement.

Thank you for your consideration.

