

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 167 (Senator Bromwell)

Finance

Referred to Economic Matters

Labor and Employment - Reporting of Employment Information

This amended bill requires employers to provide to the Secretary of Labor, Licensing, and Regulation, within 14 days of an employee's date of employment, (1) the social security number of the employee; (2) the employer's unemployment insurance employer identification number; (3) the date of employment; and (4) any other information required by regulation.

This bill takes effect October 1, 1997.

Fiscal Summary

State Effect: General fund revenues could increase by \$1,540,400 in FY 1998. General fund expenditures could increase by \$330,000 to \$660,000, excluding operating costs, in FY 1998. Future year expenditures cannot be reliably estimated at this time.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$1,540,400	\$4,920,900	\$3,784,800	\$2,663,100	\$1,730,000
GF Expenditures	--	--	--	--	--
Net Effect	\$1,540,400	\$4,920,900	\$3,784,800	\$2,663,100	\$1,730,000

Note: ()

Local Effect: None.

Fiscal Analysis

State Revenues: Based on current collections in a similar voluntary pilot program, it is estimated that approximately \$3.7 million in additional AFDC-related child support payments could be collected in the first year. This estimate is based on the Department of Human Resources (DHR) receiving child support payments two months earlier from 43,000

individuals. Currently, not all individual's wages are reported to DHR through the existing quarterly reporting mechanism. This bill would enable DHR to pursue child support enforcement action at the start of an individual's employment and to prevent individuals from eluding enforcement action by continuing changing jobs. AFDC related child support collection are distributed as follows:

State Share	42%
Federal Share	37%
Local Incentives	5%
AFDC Family Bonus	<u>16%</u>
Total	100%

Accordingly, State general fund revenues could increase by \$1.5 million in fiscal 1998 and by \$4.9 million in fiscal 1999. After fiscal 1998, the amount of child support collections begins to decrease, resulting from fewer new individuals being identified as delinquent in child support payments.

State Expenditures: The Department of Labor, Licensing, and Regulation (DLLR) advises that the cost to develop a computerized database system to handle the reporting requirement could range between \$1 million and \$2 million. Since the project relates to child support collections, the federal government would reimburse the State for two-thirds of the costs. Accordingly, State general fund expenditures could increase between \$330,000 to \$660,000 in the first year. In addition, State expenditures for annual operations, computer maintenance, and administrative hearings could increase by an indeterminate amount. **(DLLR has not provided any information regarding operating costs.)**

Additional Comments: DHR has already established a New Hire Reporting Program that involves voluntary reporting by 48 employers throughout the State. Since its implementation, the department has established an additional 800 child support orders.

Information Source(s): Department of Human Resources (Child Support Enforcement Administration); Department of Labor, Licensing, and Regulation; Department of Fiscal Services

Fiscal Note History: First Reader - February 12, 1996

ncs Revised - Senate Third Reader - April 5, 1996

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