

Department of Legislative Services  
Maryland General Assembly  
2002 Session

FISCAL NOTE

House Bill 107  
Judiciary

(Delegate Grosfeld)

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Family Law - Child Support Enforcement - Definitions

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This bill expands the definition of earnings, for provisions relating to child support enforcement, to include payments an obligor receives from work as an independent contractor.

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Fiscal Summary

**State Effect:** Special fund revenues would increase to the extent that the bill facilitates the collection of child support. Temporary cash assistance (TCA) recipients must assign their support rights to the State and federal government as partial reimbursement for TCA payments made on behalf of the children of the obligor; TCA child support collections are distributed 50% to the State and 50% to the federal government.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** "Earnings" are defined to include any form of periodic payment to an individual. These payments include annuities, pensions, Social Security, workers' compensation, unemployment compensation, and any commissions or fees paid in connection with an obligor's employment.

**Background:** This bill provides a broader definition of earnings that are subject to withholding for support purposes. Some people who are support obligors work as

plumbers, roofers, consultants, cab drivers, or other types of independent contractors. Payments pursuant to a contract are currently not covered under the definition of “earnings;” therefore, the Department of Human Resources (DHR) does not have the authority to require the payer of a contract to withhold the payments due under the contract to an obligor. DHR conducted an informal poll of ten jurisdictions and estimates that as much as 10% to 20% of its child support caseload consists of obligors who work as independent contractors and are presently not subject to earnings withholding if they fail to meet support obligations.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Human Resources; Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - January 29, 2002  
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