

Department of Legislative Services  
Maryland General Assembly  
2012 Session

FISCAL AND POLICY NOTE

Senate Bill 620 (Senator Jennings)  
Judicial Proceedings

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**Family Law - Support Enforcement - Definition of Earnings**

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This bill establishes that permanent partial disability workers' compensation payments are not subject to earnings withholding orders in support enforcement and recovery cases.

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**Fiscal Summary**

**State Effect:** Potential minimal reduction in special fund revenues to the extent that the bill reduces collection of child support.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** An earnings withholding order may be issued to an employer requiring the deduction of support payments from the earnings of an obligor. "Earnings" includes any form of periodic payment to an individual, including (1) an annuity; (2) a pension; (3) Social Security payments; (4) workers' compensation payments; and (5) unemployment insurance benefits. Earnings also include any commission or fees paid in connection with the obligor's employment. An "employer" means any person who is paying earnings to an obligor, including a governmental entity.

**Background:** Under State workers' compensation law, the calculation of permanent partial disability benefits depends on the type of injury, the duration of the claim, and, in some cases, the type of employment. In general, weekly benefits are capped at a certain percentage of the State average weekly wage, which for calendar 2012 is \$965.

**State Fiscal Effect:** Special fund revenues may be reduced to the extent that the bill reduces child support collections. 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; as a result, TCA child support collections are distributed 50% to the State and 50% to the federal government. Accordingly, the State and federal governments would share equally in any reduction in collection revenues. Any such reduction cannot be quantified at this time due to the unavailability of data; however, any impact on collections is expected to be minimal.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Human Resources, Comptroller's Office, Judiciary (Administrative Office of the Courts), Department of Legislative Services

**Fiscal Note History:** First Reader - March 2, 2012  
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