

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 650
Judiciary

(Delegate Brooks)

Judicial Proceedings

Execution on a Judgment - Child Support Arrearage - Workers' Compensation

This bill specifies that 25% of the net recovery by a debtor on a claim for workers' compensation indemnity benefits is subject to execution on a judgment for a child support arrearage, including any weekly benefits or settlement proceeds payable to the debtor. This authorization does not limit recovery otherwise allowed under the federal Consumer Credit Protection Act. The bill also specifies that for the purpose of executing on a judgment for a child support arrearage under § 11-504 of the Courts and Judicial Proceedings Article, "net recovery" means the sum of money to be distributed to a debtor after deduction of attorney's fees, expenses, medical bills, and satisfaction of any liens or subrogation claims arising out of the claims for personal injury, *including those arising under a workers' compensation insurance plan.*

Fiscal Summary

State Effect: The bill is not expected to materially affect State finances or operations.

Local Effect: The bill is not expected to materially affect local finances or operations.

Small Business Effect: Minimal.

Analysis

Current Law: Under § 11-504 of the Courts and Judicial Proceedings Article, 25% of the net recovery by a debtor on a claim for personal injury is subject to execution on a judgment for a child support arrearage. The bill does not alter this provision.

Labor and Employment Article (Workers' Compensation Act)

Section 9-732 of the Labor and Employment Article states that except as provided in Title 10 of the Family Law Article, before the issuance and delivery of a check or draft for any money payable under the Workers' Compensation Act, the money may not be assigned, charged, or taken in attachment or execution.

Family Law Article

Title 10 of the Family Law Article establishes the Child Support Administration, along with mechanisms for enforcing child support liens in circuit court to collect overdue child support payments. The Maryland Rules also permit the garnishment of property to enforce a child support lien.

In addition, when determining child support under the Family Law Article's guidelines, "actual income" includes workers' compensation benefits.

In *R.K. Grounds Care v. Wilson*, 235 Md. App. 20, 27-29 (2017), the parties' dispute concerned whether workers' compensation money may be garnished to pay child support arrearages. The Court of Special Appeals noted the "interrelated" provisions, described above, from the Courts and Judicial Proceedings Article, the Labor and Employment Article, and the Family Law Article, but ultimately did not decide the issue because it held that there was no subject matter jurisdiction over the particular dispute in question (the argument had been raised originally before the Workers' Compensation Commission, which does not have jurisdiction to decide garnishment questions, rather than in the circuit court, which has jurisdiction over garnishment proceedings).

Consumer Credit Protection Act

Title III of the federal Consumer Credit Protection Act specifies the amount of earnings (including workers' compensation payments for wage replacement) that may be garnished for child support or alimony. Title III generally allows up to 50% or 60% of disposable earnings to be garnished, depending on whether an individual is supporting another spouse or child; an additional 5% may be garnished for payments that are in specified arrears.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Human Services; U.S. Department of Labor; Department of Legislative Services

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