

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 195

(Chair, Judicial Proceedings Committee)(By Request -
Departmental - Human Services)

Judicial Proceedings

Family Law - Child Support

This departmental bill makes numerous alterations to statutory provisions generally related to child support obligations, collections, and enforcement. In addition to other provisions, the bill (1) alters provisions relating to the determination of child support under the child support guidelines to account for a multifamily adjustment; (2) extends application of the child support intercept program to include prizes from sports wagering or fantasy competitions; and (3) expands the grounds for which an obligor may seek to contest a proposed driver's license suspension due to the failure to pay child support to include having an income at or below 250% of the federal poverty guidelines, as specified. **The bill takes effect October 1, 2026.**

Fiscal Summary

State Effect: General and federal fund expenditures for the Department of Human Services (DHS) increase by \$422,600 in FY 2027 (of which 34% is general funds/66% is federal funds) for one-time programming costs; future year expenditures include ongoing maintenance costs of approximately \$57,000 annually. General/federal fund expenditures further increase, *potentially significantly*, beginning in FY 2027 for additional DHS staff and potential contracting costs, as discussed below. Federal fund matching revenues increase correspondingly to federal fund expenditures; potential additional increase in federal fund incentive revenues. General fund expenditures increase by \$150,800 in FY 2027 for the State Lottery and Gaming Commission Agency (SLGCA) to hire additional staff; future years reflect annualization and ongoing costs. General fund penalty revenues likely decrease minimally.

Local Effect: The bill's operational impacts are not anticipated to materially affect the finances of the circuit courts.

Small Business Effect: DHS has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment.

Analysis

Bill Summary/Current Law: Under current law, pursuant to statutory provisions, the Child Support Administration (CSA) within DHS generally oversees child support services provided by the local departments of social services and other offices.

I. Calculation of Child Support Obligation – Multifamily Adjustments

Under current law, in a proceeding to establish or modify child support, whether *pendente lite* or permanent, the court is required to use the child support guidelines. The basic child support obligation is established in accordance with a schedule provided in statute. The current schedule uses the combined monthly adjusted actual income of both parents and the number of children for whom support is required to determine the basic child support obligation. Adjusted actual income, which is the basis for determining the basic child support obligation, is calculated from actual income minus preexisting reasonable child support obligations actually paid and, except as specified, alimony or maintenance obligations actually paid.

The child support statute establishes a rebuttable presumption that the amount of child support that would result from the application of the child support guidelines is the correct amount of child support to be awarded. The presumption may be rebutted, however, by evidence that the application of the guidelines would be unjust or inappropriate in a particular case. In determining whether the application of the guidelines would be unjust or inappropriate, the court may consider specified factors, as further discussed below. If the court determines that application of the guidelines would be unjust or inappropriate in a particular case, the court must make a written finding or specific finding on the record that states the reasons for departure from the guidelines, including how the finding serves the best interests of the child. The bill clarifies the court's finding must focus on the child who is the subject to the order.

Under current law, in determining whether the application of the guidelines is unjust or inappropriate, the court may consider the presence in the household of either parent of other children to whom that parent owes a duty of support and the expenses for whom that parent is directly contributing. However, this may not be the sole basis for rebutting the presumption that the child support guidelines establish the correct amount of support. The bill repeals these provisions.

The bill alters the definition of “adjusted actual income” by providing for the deduction, from actual income, of an allowance of support for each child living in the parent’s home to whom the parent owes a legal duty of support if (1) the child spends at least 92 overnights per year in the parent’s home and (2) the parent is not otherwise obligated to pay child support for the child in accordance with a court order.

The bill establishes the following formula for calculating the deduction:

- the basic child support obligation for each additional eligible child in the parent’s home must be determined according to the guidelines, using only the actual income of the parent entitled to the deduction; and
- this amount is to be multiplied by 0.75.

This amount is to be subtracted from the parent’s actual income before the court determines the amount of a child support award. The court must decline to award a deduction under these provisions if the court finds, after considering the evidence and the best interest of the child for whom support is being determined, that the application of the deduction would be unjust or inappropriate.

II. Earnings Withholding Orders

Statute generally includes numerous requirements regarding the use of earnings withholding orders, which are orders issued to an employer to require the deduction of certain support payments (*e.g.*, child support, spousal support) from the “earnings” of an obligor.

Miscellaneous Provisions

Under current law, the amount of the earnings withholding must (1) be enough to pay the support and any arrearage included in the payments required by the support order and (2) include any arrearage accrued since the support order. The bill specifies that the earnings withholding must be enough to pay the *current and ongoing* support.

The bill also specifies that if arrears remain due and owing after all children who are the subject of a support order have become emancipated, earnings withholding must continue at the rate established before the emancipation, with the full amount withheld to be applied to the existing arrearage until the arrears are paid in full or until a court modifies the repayment amount.

Earnings from Independent Contractors

Definitions: Under current law, an individual’s “earnings” includes any form of periodic payment to an individual, including an annuity, a pension, Social Security payments, workers’ compensation payments, and unemployment insurance benefits, as well as any commission or fees paid in connection with the obligor’s employment. The bill expands the definition of “earnings” to include any payment received by an “independent contractor” from an employer for services provided by the independent contractor in the course of the employer’s trade or business that the employer reports or expected to report on IRS Form 1099.

Under current law, “employer” means any person who is paying earnings to an *obligor* and includes a governmental entity. Under the bill, “employer” also includes a person who is paying earnings to an independent contractor for services provided in the course of the employer’s trade or business that the employer reports or expects to report on IRS Form 1099. The bill also replaces references to *obligor* with *employee*; the bill defines an “employee” as an individual who is employed by an employer for a wage or other compensation in the trade or business of the employer.

Under the bill, “independent contractor” means a person who (1) provides services to an employer in the course of the employer’s trade or business and (2) receives earnings from an employer that the employer reports or expects to report on IRS Form 1099.

Under the bill, “date of employment” means the date on which an independent contractor commences providing services for an employer.

Employer Reporting Requirements: Section 8-626.1 of the Labor and Employment Article contains provisions requiring an employing unit, as specified, to report specific information about a new employee to the Secretary of Labor. The information is forwarded to the National Directory of New Hires, where new hire reports are matched against state and national child support records to locate parents who owe child support. The bill applies similar provisions of §8-626.1 of the Labor and Employment Article to an independent contractor’s employer and CSA.

Specifically, the bill requires that, except as specified, within 20 days after an independent contractor begins employment, the independent contractor’s employer must submit to CSA:

- the Social Security number of the independent contractor, or if the independent contractor does not have a Social Security number, the Individual Tax Identification Number (ITIN) of the independent contractor;
- the name of the independent contractor;

- the address of the independent contractor;
- the date of employment;
- the employer's name and address;
- the independent contractor's rate of compensation or earnings;
- a statement indicating whether the independent contractor has health insurance provided by the employer; and
- the federal employer identification number of the employer.

The employer must report the required information by mail, magnetically or electronically (as specified), or by other means as determined by CSA.

An employer that fails to report as required must be (1) given a written warning for the first violation and (2) subject to a civil penalty of \$20 for each month in which a subsequent violation occurs, or \$500 if the failure is the result of a conspiracy between the employer and the independent contractor to not supply the required report or to supply a false or incomplete report, unless CSA waives the penalty for cause. All violations by the same employing unit occurring in a single month must be considered a single violation. An assessment is final unless, within 15 days after mailing the assessment, the employer applies to CSA for a hearing, which may be forwarded to the Office of Administrative Hearings (OAH) for adjudication. An employer that in good faith reports information to CSA is not liable for the disclosure under State law.

The Secretary of DHS may adopt rules and regulations to implement this section of the bill.

III. Child Support Collections – Intercepts and Liens

Interception of Lottery Prizes from Sports Wagering and Fantasy Competitions

Under current law, the State operates several intercept programs to collect delinquent child support, including the interception of tax refunds and lottery prizes.

Section 10-113.1 of the Family Law Article establishes procedures and requirements for the interception of lottery prizes and prizes won at a video lottery facility. To facilitate the provisions, CSA may certify to SLGCA the name of any obligor who is in arrears in the amount of \$150 or more if certain circumstances are applicable. If a certified obligor wins a prize meeting specified criteria, SLGCA or the video lottery operation licensee (as applicable) must provide notice to the obligor of the requirement for the entity to withhold the prize for payment towards the obligor's support arrearage. Statute includes specific requirements regarding the content of the notice and affords the obligor certain appeal rights. The bill generally extends the application of the child support intercept program to

specified payouts from sports wagering and fantasy competitions by incorporating appropriate references to sports wagering and fantasy competitions (and licensees and operators) into statute.

A sports wagering licensee or fantasy competition operator may not be held liable for an act or omission taken in good faith to comply substantially with the requirements set forth in the bill.

Liens – Personal Injury Awards

In General: The bill establishes that child support arrears must be a lien by operation of law against the net recovery of a personal injury award up to the maximum lien amount. The lien is perfected on CSA's entry of the lien information into an automated network or data match process commonly used in the insurance industry or written notice to the paying agent. The provisions do not apply to a personal injury award due to an award recipient who is younger than age 12. If a notice of arrearage is sent to an obligor (as required under specified circumstances under current law), CSA must include notice that continued arrearage may result in a lien being placed against a personal injury award under the provisions established in the bill.

The Secretary of DHS may adopt necessary regulations.

Select Definitions: "Maximum lien amount" refers to the maximum amount of a net recovery which is subject to execution for support arrears in accordance with § 11-504(i)(2) of the Courts and Judicial Proceedings Article (stating that 25% of the net recovery by the debtor is subject to execution on a judgment for a child support arrearage on a claim for personal injury or workers' compensation indemnity benefits, as specified).

"Paying agent" means the person or entity responsible for distribution of the personal injury award and includes (1) the award recipient's attorney, if an attorney represented the award recipient for the sickness, accident, injury, or death that resulted in the personal injury award or (2) if the award recipient was not represented by an attorney, the employer, property and casualty insurer, or self-insurer who is to pay the personal injury award to the recipient.

"Personal injury award" means a lump sum payable to an award recipient for sickness, accident, injury, or death of any person, including compensation for loss of future earnings, and includes money paid on account of any claim, suit, judgment, arbitration, settlement, compromise, insurance, annuity, benefit, compensation, or relief.

General Procedures: Under the bill, if an award recipient owes child support arrears, on notice by CSA, the paying agent must (1) withhold the lesser of the amount of the arrears

or the maximum lien amount and promptly forward the withheld amount to CSA to be applied to the award recipient's support arrearage; (2) promptly pay any remaining portion of the net recovery not subject to other liens to the award recipient; and (3) send a notice to CSA and the award recipient of the amount paid to CSA and the award recipient's right to challenge the withholding. The paying agent must forward payment to CSA, even if the award recipient exercises the right to challenge the withholding, and the paying agent may not charge CSA a fee for its actions. The provisions must not be construed to provide a basis for a paying agent to delay the payment of the remaining portion of the net recovery to the award recipient.

Upon receipt of the funds from the paying agent, CSA must apply the funds to the obligor's arrears, as specified. If CSA determines that the amount it received exceeds the amount of the award recipient's arrears, CSA must pay the excess amount to the obligor.

Investigations and Appeals: An award recipient may ask CSA to investigate the withholding by filing a written request for investigation with CSA setting forth the reasons for the challenge. The request may be based solely on the following: (1) there is no arrearage; (2) the amount of the arrearage is incorrect; or (3) the award recipient is not the individual who owes the arrears. The request for investigation must be received by CSA within 30 days after the intercept date. If a timely request for investigation is not received by CSA, CSA may retain the intercepted funds for application to the award recipient's arrears. An award recipient may withdraw a request for investigation by submitting a notice of the withdrawal to CSA.

On receipt of a request for investigation from the award recipient, CSA must conduct an investigation. On completion of the investigation, CSA must send the award recipient a notice by first-class mail of the outcome of the investigation (as detailed below). The notice must inform the award recipient of the right to appeal CSA's decision to OAH within 30 days after the date of the notice.

If an award recipient who timely requested an investigation disagrees with the results of the investigation, the award recipient may appeal to OAH. An appeal to OAH may be based solely on the same factors applicable to an investigation request. An appeal to OAH must be conducted in accordance with the Administrative Procedure Act, as specified. An award recipient may withdraw an appeal request by submitting a notice of the withdrawal to OAH before the hearing date.

After the completion of an investigation and any subsequent appeal, the following actions must be taken, as applicable:

- on a finding that there is no arrearage, or that the award recipient is not the individual who owes the arrears, CSA must refund the full amount of the funds received from the paying agent to the award recipient;
- on a finding that there is an arrearage, but it is less than the amount received from the paying agent, CSA must correct its records and release the excess amount to the award recipient; or
- on a finding that the award recipient owes arrears in an amount equal to or greater than the amount received from the paying agent, CSA must retain the intercepted funds for application to the award recipient's arrears.

If the award recipient does not file a timely appeal to OAH, CSA may retain the full payment from the paying agent for application to the award recipient's arrears.

CSA may utilize the procedures established by the bill exclusively to collect delinquent child support. The bill may not be construed to limit or prohibit CSA from collecting delinquent child support in any other manner authorized by law. A paying agent who, in good faith, makes a distribution in accordance with the bill must be immune from any civil, criminal, or administrative penalties for making an erroneous distribution to CSA. The bill does not give rise to a claim or cause of action against a paying agent by any person who claims to be the intended obligee of the outstanding lien for support.

IV. Driver's License Suspensions

Statute establishes procedures by which the Motor Vehicle Administration (MVA) is generally required to suspend an individual's noncommercial driver's license after receiving notice from CSA that the individual is at least 60 days out of compliance with the most recent court order in making child support payments (120 days for commercial licenses). Before providing any information to MVA, however, CSA must send written notice of the proposed suspension action to an obligor, including notice of the obligor's right to request an investigation on any of the following grounds: (1) the information regarding the reported arrearages is inaccurate; (2) suspension of the obligor's license or privilege to drive would be an impediment to the obligor's current or potential employment; or (3) suspension of the obligor's license or privilege to drive would place an undue hardship on the obligor because of the obligor's inability to comply with the court order or a documented disability resulting in a verified inability to work. An obligor may appeal the results of an investigation to OAH. If, after an investigation (or appeal), CSA finds that one of the circumstances specified above exists, CSA may not send any information about the obligor to MVA.

Under the bill, the aforementioned written notice must include notice of the obligor's right to request an investigation based on an obligor's income being at or below 250% of the 2024 federal poverty guidelines for an individual (\$37,650 per year), unless the obligor

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was judicially determined to be “voluntarily impoverished.” Thus, the bill prohibits CSA from sending any information to MVA about an obligor whose income meets these standards if such a finding is made after an investigation or appeal.

Under the applicable definition, “voluntarily impoverished” means that a parent has made the free and conscious choice, not compelled by factors beyond the parent’s control, to render the parent without adequate resources.

Additional Provisions Related to License Suspensions under Current Law

CSA is also prohibited from sending any information about an obligor to MVA if (1) CSA reaches an agreement with the obligor regarding a scheduled payment of child support arrearages (or a court issues an order for a scheduled payment) and (2) the obligor is complying with the agreement (or court order).

If CSA – after the above procedural requirements are satisfied – notifies MVA of an obligor’s noncompliance, MVA must suspend an obligor’s license or privilege to drive and may issue a work-restricted license or work-restricted privilege to drive. Prior to the suspension, MVA must send written notice of the proposed action to the obligor, including notice of the obligor’s right to contest the accuracy of the information. However, the challenge must be limited to the issue of mistaken identity. Similarly, an obligor may appeal a decision of MVA to suspend the license/privilege to drive; the issue at such a hearing must be limited to that of mistaken identity.

An obligor’s license (or privilege) to drive may be reinstated if (1) the arrearages are paid in full; (2) the obligor has demonstrated good faith by paying the ordered amount of support for six consecutive months; (3) the obligor is a participant in full compliance in an employment program sponsored by CSA; or (4) CSA finds that one of the aforementioned grounds – those for which an obligor may initially request an investigation prior to suspension (including the ground related to an obligor’s income as added by the bill) – exist. If notified by CSA that one of these circumstances is applicable, MVA must reinstate the license; MVA must also reinstate the license if it receives a court order to do so. CSA may request for MVA to expunge a record of suspension if an obligor is enrolled in and compliant with an approved employment program or the information reported by CSA that led to the suspension was inaccurate.

V. Occupational Licensing Requirements

Under current law, each health occupations board and the State Emergency Services Board must require each applicant for a license to disclose (1) the Social Security number or ITIN of the applicant or (2) provide alternative documentation as permitted by the U.S. Department of Health and Human Services, as specified by the Social Security Act.

The boards must maintain the applicant's Social Security number, ITIN, or alternative documentation in the application file.

Under the bill, the aforementioned boards may accept an applicant's ITIN *only if the applicant does not have a Social Security number*. If an applicant does not have a Social Security number or ITIN, the boards must require the applicant to provide a sworn statement, signed under penalty of perjury, that the applicant does not have a Social Security number or ITIN along with the license application; this affidavit must be maintained in the application file.

VI. Assignment of Support

As a condition of receiving certain Title IV-E federal funds, states must have an approved plan pertaining to foster care assistance payments that satisfies numerous requirements. This includes a requirement for a state's plan to provide, when appropriate, that all steps will be taken to secure an assignment to the state of any rights to support on behalf of each child receiving foster care maintenance payments, as specified.

The bill specifies that only in limited circumstances where CSA finds it appropriate may action be taken to secure an assignment to the State of any rights to support on behalf of a child receiving foster care maintenance payments. CSA may take action, when appropriate, to discontinue an assignment of rights to support and terminate existing support orders for a child receiving foster care maintenance payments. The Secretary of Human Services must adopt rules and regulations to implement these provisions.

The court must terminate a child support order that was previously established or assigned for a child receiving a foster care maintenance payment, without a showing of material change of circumstances, on the filing for a termination by CSA, a local office of child support, or a local department of social services, after the Social Services Administration (or its designee) determines that the order is no longer appropriate.

VII. Court Proceedings – Contempt and Modifications of Support

Contempt

Pursuant to the Courts and Judicial Proceedings Article, a proceeding to hold a person in contempt of court for the person's default in payment of periodic child or spousal support under the terms of a court order must be commenced within three years of the date each installment of support became due and remained unpaid. Under the Family Law Article, a contempt proceeding for failure to make a payment of child or spousal support under a court order must be brought within three years of the date that the payment of support became due.

The bill conforms language between the two Articles and alters the applicable statute of limitations. Specifically, a contempt proceeding must be commenced within seven years of the date each installment of support originally became due.

Modifications of Support

Under current law, the court may modify a child support award subsequent to the filing of a motion for modification and upon a showing of a material change of circumstance. The court may not retroactively modify a child support award prior to the date of the filing of the motion for modification. If a party becomes incarcerated, the court may determine that a material change of circumstance warranting a modification of child support has occurred, provided that the party's ability to pay child support is sufficiently reduced due to incarceration.

The bill specifies that the court may modify the amount to be paid toward an arrearage at any time without a showing of a material change of circumstance.

Background: According to DHS, numerous modernizations regarding child support operations in the State are necessary to – among other outcomes – improve collections of unpaid or overdue payments, reduce burdens on impoverished parents, and help ensure that ordered amounts of child support are appropriate and affordable.

For example, in regard to improving collections, DHS reports that, since January 1, 2019, CSA has intercepted over \$2.4 million from delinquent obligors' casino and lottery winnings. DHS is optimistic that the bill's authorization to intercept the sports wagering and fantasy competition winnings of delinquent obligors will result in similar collections to satisfy outstanding child support arrears.

Also, although federal law requires – as a condition of receiving certain federal funds – that each state have in effect laws requiring the use of certain procedures to withhold, suspend, or otherwise restrict the use of driver's licenses of individuals owing overdue child support, states have flexibility regarding implementation of the requirements. The bill's alterations regarding the State's driver's license suspension program are among other provisions intended to reduce burdens on impoverished parents. DHS intends to make additional operational changes to complement the bill's provisions, including implementing a policy whereby noncustodial parents who are found to meet the applicable income threshold are exempted for one calendar year for license suspension referrals.

The specification of standards for the establishment and modification of child support orders when there are other children in the household (who are not subject to the order being established or modified) is one of the bill's provisions intended to ensure that all

children requiring support are being considered and that child support is not accruing at a rate that is unaffordable.

State Fiscal Effect:

Department of Human Services

DHS advises that it requires 29 new caseworkers to establish an obligor's actual income and identify the obligors to be excluded from driver's license suspensions under the bill, at an annual cost of approximately \$2.0 million. DLS acknowledges that the volume of potentially impacted cases is likely high enough that any extra work is not fully absorbable. However, as noted above, DHS intends to provide a one-year exemption from driver's license suspension referrals for noncustodial parents who are determined to be at or below the applicable income threshold, and is considering other strategies, including an enhanced ability for noncustodial parents to provide documentation of financial hardships through the Child Support Management System (CSMS) consumer portal. Without actual experience under the bill and implementation of the procedures DHS ultimately elects to adopt, DLS is unable to reliably predict the number of new positions necessitated by the bill. DLS generally notes, however, that the bill likely requires fewer additional staffing resources than estimated by DHS. *For illustrative purposes only*, for every additional caseworker needed, expenditures increase by \$59,000 in fiscal 2027 (which reflects the bill's October 1, 2026 effective date) and approximately \$73,000 annually thereafter, of which 34% is supported by general funds, and 66% is supported by federal funds.

In regard to other impacts of the bill, general and federal fund expenditures for DHS increase by \$422,600 in fiscal 2027 for one-time programming costs; future year expenditures of approximately \$57,000 reflect ongoing operating costs. Programming costs include updates to the DHS website and CSMS to incorporate (1) multifamily adjustment into the child support guidelines and (2) driver's license suspension exemptions. There may be additional costs to the extent DHS contracts with a third-party vendor to assist in interception efforts; DHS, however, did not provide estimates for such costs. Programming and potential contractual costs are supported by 34% general funds/66% federal funds.

DHS receives federal incentive funds for performance measures related to its child support enforcement efforts. Performance measures that may be positively impacted by the bill's provisions include payments on arrears and total collections. However, the magnitude of any potential impact on federal incentive funding solely attributable to the bill cannot be reliably estimated in advance.

State Lottery and Gaming Control Agency

General fund expenditures for SLGCA increase by \$156,118 in fiscal 2027, which accounts for the bill’s October 1, 2026 effective date. This estimate reflects the cost of hiring two auditors to comply with the agency’s responsibilities of auditing and intercepting sports wagering and online fantasy sports winnings. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

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| Positions | 2.0 |
| Salaries and Fringe Benefits | \$141,380 |
| Operating Expenses | <u>14,738</u> |
| Total FY 2027 State Expenditures | \$156,118 |

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

SLGCA advises that recent audit findings revealed the agency’s failure to intercept some payments from casinos and sports wagering operators as part of its current duties and responsibilities. According to SLGCA, sports wagering operations have since increased significantly, resulting in an increased volume of audits. Because current staff are already working at capacity and unable to meet the demands of increasing related auditing requirements under the bill, additional auditors are required.

Fine Revenues and Reinstatement Fees

The bill also affects general fund revenues. The number of citations issued to individuals driving with a suspended driver’s license (after the license is suspended for nonpayment of child support) is likely to decline under the bill. An individual convicted of driving with a license that is suspended due to nonpayment of child support is subject to a fine of up to \$500, may not prepay the fine, and must appear in court. Additionally, three points are assessed against the person’s license.

In fiscal 2023, the last year for which data is readily available, MVA suspended approximately 20,500 licenses due to child support noncompliance. MVA previously advised that it does not charge a fee for a driver’s license reinstatement if a person shows they are in compliance after a suspension. Therefore, Transportation Trust Fund revenues are not materially affected by the bill.

Other Impacts

The bill is not anticipated to materially affect the operations or finances of the Judiciary or OAH. Any revenues from civil penalties imposed under the bill are expected to be immaterial.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years; however, legislation with similar provisions has been proposed. For example, see HB 311, HB 1045, SB 174, and SB 1011 of 2024.

Designated Cross File: HB 218 (Chair, Judiciary Committee)(By Request - Departmental - Human Services) - Judiciary.

Information Source(s): Judiciary (Administrative Office of the Courts); Maryland Department of Emergency Management; Office of the Attorney General; Comptroller's Office; Maryland Department of Health; Department of Human Services; Maryland Department of Labor; Maryland Department of Transportation; Office of Administrative Hearings; Maryland Insurance Administration; Maryland State Lottery and Gaming Control Agency; Montgomery County; Department of Legislative Services

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js/jkb

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Family Law - Child Support

BILL NUMBER: SB 195

PREPARED BY: Daniel Cohen

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

There will be an impact as certain provisions of this bill, such as the requirement to include independent contractors in new hire reporting and the earnings withholding technical amendment, which directly impact employers but it will be minimal. All employers are already required to report their new hires but there will be an increase in the number of new hires needed to be reported as now the information of independent contractors will need to be included. This may also result in an increase in earnings withholding orders sent. All employers are also already required to implement earnings withholding orders; the volume to be processed may increase as a result of the increased reporting. The technical amendment on withholding will result in fewer changes to the withholding amount as that amount remains consistent until there is a change in the order amount. This technical amendment actually results in an easier process for those small businesses that do their own payroll processing as modifications to the withholding amount will likely decrease from this legislation.