

SB706 MASSD Written Testimony .pdf

Uploaded by: Courtney Thomas-Winterberg

Position: FAV

Date: February 22, 2023
Bill Number: SB706
Committee: Judicial Proceedings Committee
Bill Title: Child Support- Reporting of Employment Information-Independent Contractors
Position: Support

The Local Departments of Social Services play a critical role in administering the child support program in Maryland. Wages account for the largest percentage of child support distributions statewide. Employers reporting newly hired and re-hired employees to Maryland's State Directory of New Hires helps the local departments locate parents, verify wages, and establish child support obligations based on the non-custodial parent's wages.

When a local department is unable to verify the wages of a non-custodial parent, the child support obligation is assessed based on minimum wage, which could result in a child receiving significantly less support than they are entitled to. With the increasing number of independent contractors in the state, who are not subject to reporting requirements for child support, this presents a significant challenge to the effective administration of the child support program.

Without the ability to match independent contractors against state and national child support records, it becomes much more difficult for the departments to locate parents who owe child support, establish accurate child support orders, and enforce any existing orders. This leads to significant delays and barriers in the collection of child support payments, which can have negative consequences for children and families who rely on these payments to meet their basic needs.

Senate Bill 706 would require employers to report independent contractors to the State Directory of New Hires, just as they do with all other employees. This would help ensure that independent contractors who owe child support payments are identified and located and that their actual wages are used to determine their child support obligation.

The Maryland Association of Social Services Directors (MASSD), comprised of the directors of the Local Department of Social Services, strongly urge your support of Senate Bill 706 so that children receive the financial support they need and deserve.

SB706 DCDSS Written Testimony .pdf

Uploaded by: Jenifer DuBosq

Position: FAV

Date: February 22, 2023

Bill Number: SB706

Committee: Judicial Proceedings Committee

Bill Title: Child Support- Reporting of Employment Information-Independent Contractors

Position: Support

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Earnings Withholding Orders (EWOs) from identified employers helped us distribute over \$1,500,000.00 in support to the children we serve in Dorchester County in Federal Fiscal Year 2022. Having the ability to do the same for contractors that pay through 1099 withholdings would significantly aid us in supporting children, as well as successfully meeting our Federal collection goal each fiscal year.

Dorchester County is a rural area with a relatively high number of independent contractors. With the ability to verify this type of employment on a consistent basis, the children of Dorchester County will be better off.

Senate Bill 706 would require employers to report independent contractors to the State Directory of New Hires, just as they do with all other employees. This would help ensure that independent contractors who owe child support payments are identified and located and that their actual wages are used to determine their child support obligation.

On behalf of the Dorchester County Department of Social Services, along with The Maryland Association of Social Services Directors (MASSD), I strongly urge your support of Senate Bill 706 so that children receive the financial support they need and deserve.

SB 706_FJSLC_FAV.pdf

Uploaded by: Lindsay Parvis

Position: FAV

To: Members of the Senate Judicial Proceedings Committee

From: Family & Juvenile Law Section Council (FJLSC)

Date: February 22, 2023

Subject: Senate Bill 706:
Child Support – Reporting of Employment Information – Independent Contractors

Position: FAVORABLE

The Maryland State Bar Association (MSBA) FJLSC **supports Senate Bill 706:** Child Support – Reporting of Employment Information – Independent Contractors.

This testimony is submitted on behalf of the Family and Juvenile Law Section Council (“FJLSC”) of the Maryland State Bar Association (“MSBA”). The FJLSC is the formal representative of the Family and Juvenile Law Section of the MSBA, which promotes the objectives of the MSBA by improving the administration of justice in the field of family and juvenile law and, at the same time, tries to bring together the members of the MSBA who are concerned with family and juvenile laws and in reforms and improvements in such laws through legislation or otherwise. The FJLSC is charged with the general supervision and control of the affairs of the Section and authorized to act for the Section in any way in which the Section itself could act. The Section has over 1,200 attorney members.

The FJLSC supports SB 706.

Should you have any questions, please contact Michelle Smith by telephone at 410-280-1700 or by e-mail at msmith@lawannapolis.com or Lindsay Parvis by telephone at 240-399-7900 or lparvis@jgllaw.com.

SB0706_DHS_FAV.pdf

Uploaded by: Rachel Sledge

Position: FAV

Date: February 22, 2023

Bill number: SB0706

Committee: Senate Judicial Proceedings Committee

Bill title: **Child Support – Reporting of Employment Information - Independent Contractors**

DHS Position: **FAVORABLE**

The Maryland Department of Human Services (DHS) thanks the Committee for the opportunity to provide written support for Senate Bill 706 (SB 706).

Federal and State law requires employers to report newly hired and re-hired employees in Maryland to the Maryland State Directory of New Hires. The purpose of this is to facilitate the matching of new hires against state and national child support records to locate parents, establish a child support order, or enforce an existing order. Currently, while the Child Support Administration of the Department of Human Services administers Maryland's State Directory of New Hires, the statutory authority lies with the Department of Labor under Labor and Employment Article § 8-626.1.

This proposed legislation will clarify existing statutory authority for the State Directory of New Hires by amending the Family Law Article. These changes to the Maryland Code simply codify the existing administrative framework. It does not create new obligations for either the Department of Labor or the Child Support Administration of the Department of Human Services.

Also, as more Marylanders enter the economy as Independent Contractors, it is critical that the existing statutes related to the State Directory of New Hires are updated to reflect the new reality. Hence, this proposed legislation would further amend Family Law Article § 10-101(c) to add subsection (3) to define earnings as monies received by an independent contractor as reported on the IRS Form 1099. It would require the reporting of these independent contractors to the State Directory of New Hires for the purpose of increasing child support collections for Maryland families.

Obtaining information pertaining to independent contractors would adhere to the same current process as required of employers who report employee new hires and wages. This will assist the Child Support Administration in identifying the income and location of obligors, who are independent contractors, for the establishment of child support orders, and also identify opportunities to garnish the income to collect support on behalf of Maryland's children.

At least twelve (12) states have already implemented similar statutes for the reporting of independent contractors for child support purposes. Further, states and national child support associations are advocating for the federal government to revise federal regulations to include provisions for the reporting of independent contractors. Federal regulations would require all State Directory of New Hires in each state to collect independent contractor information to be shared with the National Directory of New Hires in which all states would then benefit from the information collected. This would assist with intergovernmental cases which are shared between states.

For these reasons, the Department strongly urges a favorable report by the Committee for SB 706.

