



House Judiciary Committee
February 20, 2025 Bill Hearings - [HB 218](#) Follow Up
March 3, 2025

1. What is the thinking behind the frequency with which businesses need to report new hires?

The frequency matches the Maryland Department of Labor (DOL) standard for reporting data on new hires and completing W-4 forms for employment. Employers are already required to report this data and with this frequency under [Labor and Employment Code § 8-626.1](#).

Our proposed bill would authorize DOL to share with us more new-hire data than they currently share. Information on business contracting with independent contractors who file a 1099-MISC is not currently provided to CSA for Child Support purposes. If HB 218 passes, CSA would have the information it needs to identify parents with child support obligations who are working as independent contractors.

2. Why are we extending the statute of limitations on a contempt proceeding from 3 to 7 years?

Increasing the statute of limitations for contempt allows CSA additional time to work with the non-custodial parent to fulfill their child support obligation and pay any arrears. During the extended time frame, CSA could engage the non-custodial parent about the assistance, services, and benefits available through DHS - including helping the parent with applications for benefits (SNAP) and enrollment in our Non-custodial Parent Employment Program (NPEP).

Additionally, the 7 year statute of limitations on initiating contempt proceedings aligns with the typical 3 to 6 year time frame the Internal Revenue Service (IRS) can audit an individual, and matches the 7 year limit to file a claim with the IRS. Extending the statute of limitations to match the IRS limit would enable CSA to seek child support arrears from an amended tax return. Essentially, if a non-custodial parent were to amend or be granted a claim on their federal taxes from 7 years ago and it produced a need for the IRS to collect a previously-issued refund that CSA intercepted, paying back the IRS will create arrears on the case. For example, if the child support case was arrears-only and the obligated parent's 2020 tax refund was

intercepted to pay the case in full, the Maryland Child Support case would close. However, if that same parent were audited in 2025 and the IRS determined the obligated parent should not have received a refund in 2020, the IRS would demand CSA return the intercepted 2020 tax refund to the federal government.

3. Why does this bill garnish income from sports betting, fantasy competition, and civil judgment awards? How much money will this send to children?

The bill would intercept income from sports betting and civil judgments because both are considered forms of *income*. Sports betting and daily fantasy sports are now a significant share of the gaming industry. HB 218 recognizes the income from participating in sports wagering exactly as Maryland currently recognizes income from the lottery and casino winnings. If winnings from a sports wagering or fantasy competition prize is large enough to require the issuance of IRS form W-2G (or an equivalent form), an amount up to the child support arrearage amount would be intercepted. Sports gambling winnings require a W-2G if your winnings are greater than \$600 and your win was at least 300x the wager amount; i.e. a \$2 bet that wins more than \$600.

Winnings from sports betting could have a significant impact on the life of the family awaiting receipt of child support obligations and accrued arrears. CSA serves over 150,000 families who, at the end of Federal Fiscal Year 2024, were owed past due support totaling \$1.3 billion dollars. HB 218 will provide additional tools to help CSA collect more of this money for families. CSA currently intercepts income from lottery and casino winnings from between 100-400 lottery and casino winners per year. Since January 2019, CSA has collected a total of about \$2,400,000 in arrears through lottery and casino winnings. In Federal Fiscal Year 2024, the current lottery and casino program intercepted winnings from 120 individuals resulting in \$304,385.45 distributed to parents and children who were owed past due child support arrearages. There are 10 states that already intercept sports wagering winnings for the purpose of child support collection: Arizona, Colorado, Indiana, Iowa, Illinois, Kansas, Louisiana, Massachusetts, Maine, and Ohio. Another state that lacks this authority, Mississippi, is [presently considering similar legislation](#) during its legislative session to target gambling winnings.

Civil judgment intercept for child support is already employed by 29 other states. Those states increased collection of overdue child support payments from parents who are awarded settlements. If implemented in Maryland, it will increase the amount of money available to support Maryland's children, and reduce arrears for non-custodial parents. In capping the intercept at a percentage of the net award

amount or the arrears balance owed, whichever is less, we ensure that the financial stability of both the child and the obligated parent are considered equitably.

The federal government evaluates states' performance against five measures to determine federal incentive payments: paternity establishment; support order establishment; collections on current support; cases paying toward arrears; and cost effectiveness. There are three performance measures for which CSA must achieve certain levels of performance to avoid losing federal funding. These measures are: paternity establishment, support order establishment, and current collections.

In CSA's FY2026 budget testimony, the agency - and DLS - noted that the agency is falling behind federal performance goals in each of these five areas. Including new sources of collections and arrears through the provisions of HB 218 will help CSA meet these targets and increase the drawdown of federal incentive funds to reinvest into Maryland's program. Increased federal incentive funds can be applied to community partnerships and technology that will improve communication with parents.

4. Does the bill deal with licenses being taken away in error?

Based on our internal review, recent driver's license suspension errors were the result of worker error or limitations of CSA's information system, Child Support Management System (CSMS). In 2024, we began systematically retraining CSA employees to ensure all arrears investigations are thorough, accurate, and ensure due process. We also updated the child support information system, Child Support Management System (CSMS).

Before CSMS updates were made, CSA identified individuals at risk of driver's license suspension either by a) marking the case for indefinite exclusion from the program or b) excluding the case automatically, per statute. The system inflexibility meant that CSMS limited our ability to set a specific timeframe for excluding a non-custodial parent from the driver's license suspension program. We fixed the CSMS information system. We can now enter specific timeframes for excluding a parent from referral to the DLS program. The update prohibits the noncustodial parent from being re-selected for driver's license suspension during a specified time period.

5. What do the sponsor amendments accomplish?

Amendment #1 caps the maximum amount of garnishment at 25% of the non-custodial parent's income when equal to or less than the 250% of the federal poverty level as a 1099-independent contractor.

Amendment #2 directs CSA to send written notice of an arrearage to an obligor who is 30 days out of compliance on their child support order.

Amendments #3 (similar to #8) expands the timeline for obligors from 60 days of arrears to 120 days and would align all driver's license suspensions, regardless of a commercial or non-commercial license possession, on the same timeline.

Amendment #4 caps the maximum civil judgment capture amount to 25% of the total award.

Amendment #5 caps the maximum garnishment for the combined support order and arrearages at 25% for obligors whose income is not greater than 250% of the federal poverty level guidelines.

Amendment #6 future-proofs the statute by adopting federal poverty guidelines from the "current" year, rather than a set year (2019).

Amendment #7 directs the courts to "send a copy of the guideline calculation worksheet and the order to the child support administration," enabling better information sharing to operate the Driver's License Suspension program.

Amendment #8 (similar to #3) expands the timeline for obligors from 60 days of arrears to 120 days and would align all enforcement actions on the same timeline.

6. Can you elaborate on how child support is currently being used for children in foster care, and what the proposed changes will accomplish?

Response

Currently, child support paid for children in foster care is used to reimburse the state for foster care maintenance costs. When a child goes into foster care, a child support order and collection of that support is pursued against both biological parents. The vast majority of parents in this situation are overwhelmingly impoverished. As a result, child support agencies typically spend more money pursuing parents for nonpayment than they collect via those efforts. Unpaid child support owed to the state while the child was in foster care results in delayed reunification, which is not in the best interests of the child. Research shows that when parents are ordered to pay just \$100 per month toward their child support obligation, the likelihood of reunifying with their child declines by almost one-fifth. This financial burden makes it harder for parents to climb out of poverty and risks further interactions with child protection services even after reunification. When a child's parents are experiencing poverty, that child is more likely to reenter foster care again following reunification.

Eliminating child support for youth in foster care prioritizes our efforts to keep children with their families.

7. Do arrears accrue interest?

Response

No. Arrears accrue by non-payment of the current support amount. This amount is paid down by an arrears payment amount that is either ordered by the court or assigned in the amount from \$1.00 to 25% of the current ordered amount. Maryland does not charge interest on child support arrears.

8. Do arrears apply to a person's personal estate?

Response

Yes. Currently, child support arrears have no priority over any other debt. There is often no payment to the child support arrears from the decedent's estate. There is a bill before the Committee to address this issue – [HB 261](#). DHS supports [HB 261](#) (and its cross-file, [SB 110](#)) because if this legislation is successful, child support arrears will receive priority to provide for the deceased's surviving children. This proposed legislation mirrors the priority order reflected in [federal bankruptcy statute](#).

9. What would the implementation look like if HB 218 passes?

Response

A. Independent contractors: Following the current reporting and automatic child support identification as regular “W-2” employees, 1099 employees would be included in the “new hire reporting” data shared by the Department of Labor (DOL). Once DOL identifies a 1099 employee, CSA can then send an earnings withholding request so that *if/when* the independent contractor is paid, a portion can be reserved for child support and submitted on behalf of the non-custodial parent. This is the same process that occurs for “W-2” employees today, and would allow many more children to receive the support they are owed.

B. Sports/fantasy winnings intercept: Child support cases with \$150 or more in arrears would be eligible to be placed on a list with the State Lottery and Gaming Control Agency - similar to what is currently done with casino and lottery winners. Under HB 218, if winnings from a sports wagering or fantasy competition prize is large enough to require the issuance of IRS form W-2G (or an equivalent form), an amount up to the child support arrearage amount would be intercepted. Sports gambling winnings require a W-2G if your winnings are greater than \$600 and your win was at least 300x the wager amount; i.e. a \$2 bet that wins more than \$600.

Fantasy and sports gaming platforms, like Fanduel and DraftKings, are already required to issue W2Gs if winnings reach the required threshold of \$600.

C. Monetary award intercept: Maryland would become part of the Child Support Lien Network (CSLN), a database overseen by the federal Office of Child Support Services. This database allows states to share information about individuals who owe child support, identify potential sources of income like insurance settlements, and place liens to collect unpaid child support payments. When an insurance company files a claim on behalf of a person listed in the CSLN, the system flags the potential match and alerts the appropriate child support agency to take action to intercept a portion of the settlement to pay off the child support debt. The database is matched daily with personal injury and workers' compensation claims registered by insurers with the Insurance Services Office (ISO) ClaimSearch. CSLN performs quality assurance on the matched data and then alerts the member state.

D. Cease foster care collections for most cases: Today, when a child enters foster care, the agency makes a referral to establish a child support order against both parents. In this process, two child support cases are created for each parent to reimburse the state for foster care reimbursement. If HB 218 were to pass, CSA would not create such an order for either parent, as studies show this extends the length of time the child spends in foster care.

E. DLS program updates: CSA will add procedures and technical changes to ensure the 250% poverty guideline is an exclusion for child support cases. CSA will use diverse notification methods such as email, text messaging, and notifications through the child support consumer portal to conduct outreach to non-custodial parents and update incorrect system information. If current income is known, it will be entered into the system, and cases at 250% or below the federal poverty guideline will not be selected for the driver's license program. This creates an automatic exclusion. However, if the information is unknown or over a year old, the procedure of advising the obligated parent that the license could be suspended will begin. This process allows time for the parent to get new income information to our office and correct any changes that have not been reported.

F. Multifamily Adjustment: During the calculation of the child support amount, the guideline calculation will include consideration of a child in the household for whom the parent is responsible. This results in a slightly decreased support order obligation applied consistently and fairly across all calculations made for all children for whom the parent is responsible.

G. Extending the statute of limitations: This extends the time that CSA can work with a non-custodial parent prior to the use of contempt proceedings to compel

action. Notably, unlike other states, Maryland's CSA only seeks civil contempt for non-custodial parents. The civil contempt process is filed by the Office of the Attorney General at the request of CSA only after all other efforts (financial education, workforce counseling, etc) have been unsuccessful.

H. Technical amendment to Professional License Suspension reporting:

Enhancements to the ability of CSA to limit errors by ensuring we identify the correct individual by SSN, in addition to other unique identifiers.

10. How does this bill align with Federal requirements?

Response

Our bill ensures we remain compliant with federal laws requiring states to maintain an effective DLS program. Conversely, HB 681 could reduce Maryland's performance on federal efficacy indicators like "Support Collections," "Cases Paying Arrears," and overall "Cost Effectiveness" that the federal government uses to prioritize the annual incentive payments it makes to all 50 states.

Bill # / Title	Sponsor:	Main Difference:	Does this Bill Align with DHS:
HB275 - Family Law - Child Support - Multifamily Adjustment	Crutchfield	Small drafting language difference - HB275 uses "allowance" whereas HB218 uses "deduction"	<ul style="list-style-type: none"> • <u>Yes, aligns completely.</u> • HB275 aligns with our goals as a Department to ensure equity in child support cases and support orders when a parent owes support for more than one child.
HB681 - Child Support - Driver's License Suspension for Arrearages and Court Orders	Toles	"Automatically" excludes non-custodial parents at or below 250% of the federal poverty guidelines from referral for Driver's License Suspension	<ul style="list-style-type: none"> • <u>Mostly aligns except for the automatic exclusion.</u> • DHS Amendments #3 and #8 mirror HB 681 to increase the noncompliance threshold from 60 days to 120 days for all license suspensions. • DHS Amendment #7 mirrors HB 681 to require courts to attach a copy of the income calculation and send it to CSA.
HB110 - Child Support - Suspension of Driver's Licenses	Simpson	Transfers authority to initiate driver's license suspension to the courts.	<ul style="list-style-type: none"> • <u>No, does not align.</u> • HB110 aligns with DHS Amendments #3 and #8 to HB218 mirror HB110 to increase noncompliance threshold from 60 days to 120 days for all license suspensions

Summary of Child Support Bills

HB0681 - Child Support - Driver's License Suspension for Arrearages and Court Orders Crossfile SB0015 (Watson/Toles)	HB0110 - Child Support - Suspension of Driver's Licenses Crossfile SB106 (Muse/Simpson - court req.)
<ul style="list-style-type: none"> ● Increases the noncompliance threshold from 60 days to 120 days for all license suspensions. (DHS adopted this in amendments #3 and #8) ● Under HB681, income for the <u>current</u> year must be considered, but CSA <u>does not have</u> live income data. This means that CSA would be unable to suspend a license if current income is unknown. ● CSA would be unable to determine who is “able but unwilling to pay” and parents could abuse this loophole to the detriment of Maryland children. ● There is no recourse for CSA if the income for the current year is unknown/refused. ● If we suspend the license of someone who refused to provide income information and their last known income was above 250% FPL, CSA could be sued, as the process under HB681 does not apply to those below 250% FPL. ● This reduces the efficacy of the driver’s license suspension program and puts federal funding in jeopardy (see citations below). 	<ul style="list-style-type: none"> ● Increases the noncompliance threshold from 60 days to 120 days for all license suspensions. (DHS adopted this in amendments #3 and #8) ● Includes a clause on reasonable attempts defined as written and electronic notice, but provides no recourse if electronic means of communication is unknown. ● Requires service upon obligated parent, but no recourse if service is avoided other than an order for alternate service. ● Requires proof by CSA that the obligated parent has the ability to pay the <i>arrearage balance</i> and not just the ability to pay the monthly support obligation. ● CSA does not have the ability to see or determine all of the obligated parent’s assets and ability to liquidate assets for payment, and would result in an ineffective license suspension program placing our funding in jeopardy (see citations below).

Federal Requirements on State Child Support Programs

- States must have “an effective program for locating non-custodial parents, establishing paternity, obtaining support orders, and collecting support payments.” [42 U.S.C. §654\(20\)](#)
- [42 U.S. Code § 666](#) requires states to use “authority to...restrict...driver’s licenses, professional and occupational licenses, and recreational and sporting licenses of individuals owing overdue support...”
- State laws regarding Child Support must “increase the effectiveness of the [child support enforcement] program which the state administers.” [42 U.S.C. § 666\(a\)\(16\)](#)