

# SENATE BILL 706

D4

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By: **Chair, Judicial Proceedings Committee (By Request – Departmental – Human Services)**

Introduced and read first time: February 6, 2023

Assigned to: Judicial Proceedings

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## A BILL ENTITLED

1 AN ACT concerning

2 **Child Support – Reporting of Employment Information – Independent**  
3 **Contractors**

4 FOR the purpose of altering the definition of “earnings” in certain provisions of law relating  
5 to child support enforcement to include certain payments received by independent  
6 contractors; establishing certain procedures for the reporting of certain employment  
7 information concerning certain independent contractors to the Child Support  
8 Administration for certain purposes related to child support enforcement; and  
9 generally relating to child support.

10 BY repealing and reenacting, with amendments,  
11 Article – Family Law  
12 Section 10–101  
13 Annotated Code of Maryland  
14 (2019 Replacement Volume and 2022 Supplement)

15 BY adding to  
16 Article – Family Law  
17 Section 10–139  
18 Annotated Code of Maryland  
19 (2019 Replacement Volume and 2022 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
21 That the Laws of Maryland read as follows:

22 **Article – Family Law**

23 10–101.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) In this title the following words have the meanings indicated.

2 (b) "Administration" means the Child Support Administration of the Department  
3 of Human Services.

4 (c) "Earnings" includes:

5 (1) any form of periodic payment to an individual, including:

6 (i) an annuity;

7 (ii) a pension;

8 (iii) Social Security payments;

9 (iv) workers' compensation payments; and

10 (v) unemployment insurance benefits; [and]

11 (2) any commissions or fees paid in connection with the [obligor's]  
12 EMPLOYEE'S employment; AND

13 **(3) ANY PAYMENT RECEIVED BY AN INDEPENDENT CONTRACTOR:**

14 **(I) FROM AN EMPLOYER FOR SERVICES PROVIDED BY THE**  
15 **INDEPENDENT CONTRACTOR IN THE COURSE OF THE EMPLOYER'S TRADE OR**  
16 **BUSINESS; AND**

17 **(II) THAT THE EMPLOYER REPORTS OR EXPECTS TO REPORT ON**  
18 **IRS FORM 1099.**

19 (d) **"EMPLOYEE" MEANS AN INDIVIDUAL WHO IS EMPLOYED BY AN**  
20 **EMPLOYER FOR A WAGE OR OTHER COMPENSATION IN THE TRADE OR BUSINESS OF**  
21 **THE EMPLOYER.**

22 **(E) (1) "Employer" means any person who is paying earnings to an [obligor]**  
23 **EMPLOYEE.**

24 (2) "Employer" includes:

25 **(I) a governmental entity; AND**

26 **(II) A PERSON WHO IS PAYING EARNINGS TO AN INDEPENDENT**  
27 **CONTRACTOR FOR SERVICES PROVIDED IN THE COURSE OF THE EMPLOYER'S TRADE**  
28 **OR BUSINESS THAT THE EMPLOYER REPORTS OR EXPECTS TO REPORT ON IRS**

1 **FORM 1099.**

2 (F) **“INDEPENDENT CONTRACTOR” MEANS A PERSON WHO:**

3 (1) **PROVIDES SERVICES TO AN EMPLOYER IN THE COURSE OF THE**  
4 **EMPLOYER’S TRADE OR BUSINESS; AND**

5 (2) **RECEIVES EARNINGS FROM AN EMPLOYER THAT THE EMPLOYER**  
6 **REPORTS OR EXPECTS TO REPORT ON IRS FORM 1099.**

7 [(e)] (G) **“Local support enforcement office” means 1 of the following that is**  
8 **responsible for support enforcement:**

9 (1) a county agency; or

10 (2) a component of the circuit court for a county.

11 [(f)] (H) (1) **“Obligee” means any person who is entitled to receive support.**

12 (2) **“Obligee” includes a state.**

13 [(g)] (I) **“Obligor” means an individual who is required to pay support under a**  
14 **court order.**

15 [(h)] (J) **“Support” includes:**

16 (1) child support;

17 (2) spousal support;

18 (3) support of destitute adult children; and

19 (4) support of destitute parents.

20 [(i)] (K) **“Support enforcement agency” means 1 of the following that receives**  
21 **support payments under a court order:**

22 (1) the Administration; or

23 (2) a local support enforcement office.

24 **10-139.**

25 (A) **IN THIS SECTION, “DATE OF EMPLOYMENT” MEANS THE DATE ON WHICH**  
26 **AN INDEPENDENT CONTRACTOR COMMENCES PROVIDING SERVICES FOR AN**

1 EMPLOYER.

2 (B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, WITHIN 20  
3 DAYS AFTER AN INDEPENDENT CONTRACTOR BEGINS EMPLOYMENT, THE  
4 INDEPENDENT CONTRACTOR'S EMPLOYER SHALL SUBMIT TO THE  
5 ADMINISTRATION:

6 (1) THE SOCIAL SECURITY NUMBER OF THE INDEPENDENT  
7 CONTRACTOR;

8 (2) THE NAME OF THE INDEPENDENT CONTRACTOR;

9 (3) THE ADDRESS OF THE INDEPENDENT CONTRACTOR;

10 (4) THE DATE OF EMPLOYMENT;

11 (5) THE EMPLOYER'S NAME AND ADDRESS;

12 (6) THE INDEPENDENT CONTRACTOR'S RATE OF COMPENSATION OR  
13 EARNINGS;

14 (7) A STATEMENT INDICATING WHETHER THE INDEPENDENT  
15 CONTRACTOR HAS HEALTH INSURANCE PROVIDED BY THE EMPLOYER; AND

16 (8) THE FEDERAL EMPLOYER IDENTIFICATION NUMBER OF THE  
17 EMPLOYER.

18 (C) (1) THE EMPLOYER SHALL REPORT INFORMATION REQUIRED UNDER  
19 SUBSECTION (B) OF THIS SECTION:

20 (I) BY MAIL;

21 (II) MAGNETICALLY OR ELECTRONICALLY; OR

22 (III) BY OTHER MEANS AS DETERMINED BY THE  
23 ADMINISTRATION.

24 (2) IF AN EMPLOYER CHOOSES TO TRANSMIT DATA MAGNETICALLY  
25 OR ELECTRONICALLY AT A RATE OF TWICE PER MONTH, THE REPORTS MUST BE  
26 SUBMITTED NOT LESS THAN 12 DAYS NOR MORE THAN 16 DAYS APART.

27 (D) (1) AN EMPLOYER THAT FAILS TO REPORT AS REQUIRED SHALL BE:

1                   **(I) GIVEN A WRITTEN WARNING FOR THE FIRST VIOLATION;**  
2 **AND**

3                   **(II) SUBJECT TO A CIVIL PENALTY OF \$20 FOR EACH MONTH IN**  
4 **WHICH A SUBSEQUENT VIOLATION OCCURS, OR \$500 IF THE FAILURE IS THE RESULT**  
5 **OF A CONSPIRACY BETWEEN THE EMPLOYER AND THE INDEPENDENT CONTRACTOR**  
6 **TO NOT SUPPLY THE REQUIRED REPORT OR TO SUPPLY A FALSE OR INCOMPLETE**  
7 **REPORT, UNLESS THE ADMINISTRATION WAIVES THE PENALTY FOR CAUSE.**

8                   **(2) ALL VIOLATIONS BY THE SAME EMPLOYING UNIT OCCURRING IN A**  
9 **SINGLE MONTH SHALL BE CONSIDERED A SINGLE VIOLATION.**

10           **(E) (1) AN ASSESSMENT UNDER THIS SECTION IS FINAL UNLESS, WITHIN**  
11 **15 DAYS AFTER THE MAILING OF THE ASSESSMENT, THE EMPLOYER APPLIES TO THE**  
12 **ADMINISTRATION FOR A HEARING.**

13                   **(2) THE ADMINISTRATION MAY FORWARD THE APPLICATION TO THE**  
14 **OFFICE OF ADMINISTRATIVE HEARINGS FOR ADJUDICATION.**

15           **(F) AN EMPLOYER THAT IN GOOD FAITH REPORTS INFORMATION TO THE**  
16 **ADMINISTRATION IN ACCORDANCE WITH THIS SECTION IS NOT LIABLE FOR THE**  
17 **DISCLOSURE UNDER STATE LAW.**

18           **(G) THE SECRETARY OF HUMAN SERVICES MAY ADOPT RULES AND**  
19 **REGULATIONS TO IMPLEMENT THE PROVISIONS OF THIS SECTION.**

20           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
21 October 1, 2023.