

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Increase Child Support Collection by Expanding the New Hire Reporting Requirements

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 19-A MRSA §2154, sub-§4-A, as enacted by PL 2003, c. 224, §1, is repealed.

Sec. 2. 19-A MRSA §2154, sub-§4-B is enacted to read:

4-B. Independent contractors. An employer who reports under subsection 1 shall also report the contracting for services in this State with an independent contractor when reimbursement for such services is anticipated to equal or exceed \$600.

A. An employer required to report under this subsection may report by mailing a copy of the employer's federal Internal Revenue Service 1099-MISC form, transmitting a facsimile of the 1099-MISC form, sending magnetic tape in a compatible format or by other means, as mutually agreed to by the employer and the department, that will result in timely reporting.

B. The employer shall report the information in this paragraph within 7 days of the earlier of first making payments that in the aggregate equal or exceed \$600 in any year to an independent contractor and entering into a contract or contracts with an independent contractor providing for payments that in the aggregate equal or exceed \$600 in any year:

(1) The independent contractor's name, address and social security number;

(2) The employer's name, business name, address and telephone number;

(3) The employer's social security number, employment security reference number or unified business identifier number;

(4) The date the contract is executed or, if no contract, the date payments in the aggregate first equal or exceed \$600; and

(5) The total dollar amount of the contract, if any, and the contract expiration date.

Sec. 3. 19-A MRSA §2154, sub-§7, as enacted by PL 1997, c. 537, §39 and affected by §62, is amended to read:

7. Transmissions to the National Directory of New Hires. Within 3 business days after the date information regarding a newly hired or rehired employee or independent contractor is entered into the department's computer system, the department shall transmit the information to the National

Directory of New Hires maintained by the federal Department of Health and Human Services. After obtaining the information from the Department of Labor, the department shall send the National Directory of New Hires quarterly reports of wages and unemployment compensation benefits paid to persons who are reported to the department under this section as specified by federal regulations.

Sec. 4. 19-A MRSA §2154, sub-§10 is enacted to read:

10. Independent contractor. For purposes of this section, "independent contractor" means an individual who is not an employee of the employer and who receives compensation or executes a contract for services performed for that employer within or without this State.

SUMMARY

The purpose of this bill is to increase child support collection by expanding the new hire reporting requirements to include the reporting of independent contractors by any employer who is already required to report new hires. The report is required when the aggregate compensation to be paid to the independent contractor equals or exceeds \$600. This is consistent with the filing of the federal Internal Revenue Service 1099-MISC form under federal requirements. This bill is modeled on the New Hampshire independent contractor reporting requirements.