



# Oregon Department of Justice

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## Division of Child Support

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### TESTIMONY ON SENATE BILL 184-A For the House Committee On Business and Labor April 26, 2023

#### Presented by:

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This testimony is presented in support of Senate Bill 184-A.

#### **How This Bill Changes Current Law**

More workers in Oregon and around the nation are moving away from traditional employment arrangements and choosing to take advantage of the benefits the gig economy has to offer—from advantageous tax deductions available for businesses to schedule flexibility, and from alternative work arrangements to higher earning potential. Moreover, the effects of the pandemic on the job market also indicate a trend toward independent contracting and gig work. Employers benefit from hiring independent contractors too: staffing flexibility, cost per employee savings (not being required to offer benefits, lower training expenses), access to global talent, etc.

ORS 25.101(6) defines an “employer” for child support purposes as “any entity or individual who engages an individual to perform work or services for which compensation is given in periodic payments or otherwise.” Currently, employers are required by federal and state law to report their newly hired employees to state child support programs; however, the requirement does not extend to employers and businesses reporting independent contractors and non-traditional workers. Efforts to include this requirement in federal law are underway.

Because of this gap in information, it is difficult for the Oregon Child Support Program—and child support programs nationwide—to learn about and collect from the income of some paying parents who do not work for a traditional employer and are not paying their child support obligation regularly.

Senate Bill 184-A amends ORS 25.790 and 25.793 to require that, in addition to new employees, employers as defined in ORS 25.010(6) also report independent contractors with whom they engage. This would increase opportunities for the Oregon Child Support Program to collect child

support from independent contractors. Without a report, the Oregon Child Support Program is unlikely to know when a paying parent is working as an independent contractor and has the means to pay their child support but chooses not to.

Several states and territories (Colorado, California, New York, Texas, Virginia, Florida, Iowa, and Guam, to name a few) already require employers and businesses to report independent contractor information to their state's "new hire" database. The Oregon Child Support Program has been successful in collecting support from gig employers such as Uber, Lyft, DoorDash, and Grubhub, but only in instances where the program happened to learn that a paying parent was working for a gig employer. By enacting this legislation, we would both streamline the process and avoid missing opportunities to help parents meet their support obligations.

This legislation does not intend to apply to individuals who hire someone for a one-time job. Rather, it focuses on identifying workers who have recurring, periodic, regular compensation who are not considered employees. It also seeks to close the loophole that some parents have been using to avoid paying their child support obligations, and it will enable everyone involved—employers, paying parents, the Oregon Child Support Program—to do the right thing and bring more financial stability to Oregon families.

### **Key Points of Legislation**

- Requires employers and businesses to add to their new-hire employee report the hiring of independent contractors, which will increase the opportunities for collection of child support.
- Adds definition for *independent contractor* for child support purposes.
- Introduces the concept of *engaging* and *reengaging* individuals as independent contractors.

### **Fiscal Impact**

This legislation will not have a fiscal impact.

### **Fiscal Benefits**

This legislation will have a fiscal benefit in that it will increase the collection of child support for Oregon families.

### **Recommended Action**

The Oregon Department of Justice recommends committee approval of Senate Bill 184-A because employers reporting engagement of independent contractors would increase opportunities to get child support to the families who need it.