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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 1316

02/20/2025 Authored by Curran

The bill was read for the first time and referred to the Committee on Children and Families Finance and Policy

03/24/2025 Adoption of Report: Amended and re-referred to the Committee on Judiciary Finance and Civil Law

04/02/2025 Adoption of Report: Re-referred to the Committee on Workforce, Labor, and Economic Development Finance and Policy

1.1 A bill for an act

1.2 relating to child support; adding independent contractors and payors to the
1.3 centralized work reporting system; requiring payors to report independent
1.4 contractors to the centralized work reporting system; amending Minnesota Statutes
1.5 2024, sections 142A.29, subdivisions 1, 2, 3, 4, 6; 518A.53, subdivision 5; repealing
1.6 Minnesota Statutes 2024, section 142A.29, subdivision 9.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2024, section 142A.29, subdivision 1, is amended to read:

1.9 Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

1.10 (b) "Date of hiring" means the earlier of: (1) the first day for which an employee or
1.11 independent contractor is owed compensation by an employer or payor; or (2) the first day
1.12 that an employee or independent contractor reports to work or performs labor or services
1.13 for an employer or payor.

1.14 (c) "Earnings" means payment owed by an employer for labor or services rendered by
1.15 an employee or independent contractor.

1.16 (d) "Employee" means a person who resides or works in Minnesota, performs services
1.17 for compensation, in whatever form, for an employer and satisfies the criteria of an employee
1.18 under chapter 24 of the Internal Revenue Code. Employee does not include:

1.19 (1) persons hired for domestic service in the private home of the employer, as defined
1.20 in the Federal Tax Code; or

1.21 (2) an employee of the federal or state agency performing intelligence or
1.22 counterintelligence functions, if the head of such agency has determined that reporting

according to this law would endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

(e) "Employer" means a person or entity located or doing business in this state that employs one or more employees for payment, and satisfies the criteria of an employer under chapter 24 of the Internal Revenue Code. Employer includes a labor organization as defined in paragraph ~~(g)~~ (h). Employer also includes the state, political or other governmental subdivisions of the state, and the federal government.

(f) "Hiring" means engaging a person to perform services for compensation and includes the reemploying or return to work of any previous employee who was laid off, furloughed, separated, granted a leave without pay, or terminated from employment when a period of 60 days elapses from the date of layoff, furlough, separation, leave, or termination to the date of the person's return to work.

(g) "Independent contractor" means a person over 18 years of age, or a corporation or limited liability company with a sole shareholder or member, who performs services for compensation in an amount equal to or greater than \$600 per calendar year, to another person or entity doing business in this state. Independent contractor includes but is not limited to a person who logs in as a driver to the digital network of a transportation company doing business in this state or of a company operating a network in this state to facilitate delivery of food, goods, or services. Independent contractor does not include domestic service in the private home of the service recipient.

~~(g)~~ (h) "Labor organization" means entities located or doing business in this state that meet the criteria of labor organization under section 2(5) of the National Labor Relations Act. This includes any entity, that may also be known as a hiring hall, used to carry out requirements described in chapter 7 of the National Labor Relations Act.

~~(h)~~ (i) "Payor" means a person or entity located or doing business in Minnesota who pays money to an independent contractor according to an agreement for the performance of services.

EFFECTIVE DATE. This section is effective July 1, 2026.

Sec. 2. Minnesota Statutes 2024, section 142A.29, subdivision 2, is amended to read:

Subd. 2. **Work reporting system established.** The commissioner of children, youth, and families shall establish a centralized work reporting system for the purpose of receiving and maintaining information from employers and payors on newly hired or rehired employees and independent contractors. The commissioner of children, youth, and families shall take

reasonable steps to inform the state's employers and payors of the requirements of this section and the acceptable processes by which employers and payors can comply with the requirements of this section.

EFFECTIVE DATE. This section is effective July 1, 2026.

Sec. 3. Minnesota Statutes 2024, section 142A.29, subdivision 3, is amended to read:

Subd. 3. **Duty to report.** Employers and payors doing business in this state shall report to the commissioner of children, youth, and families the hiring of any employee or independent contractor who resides or works in this state to whom the employer or payor anticipates paying earnings. Employers and payors shall submit reports required under this subdivision within 20 calendar days of the date of hiring of the employee or independent contractor.

Employers and payors are not required to report the hiring of any person who will be employed or paid for less than two months' duration; and will have gross earnings less than \$250 per month.

EFFECTIVE DATE. This section is effective July 1, 2026.

Sec. 4. Minnesota Statutes 2024, section 142A.29, subdivision 4, is amended to read:

Subd. 4. **Means to report.** Employers and payors may report by delivering, mailing, or telefaxing a copy of the employee's or independent contractor's federal W-4 form or W-9 form or any other document that contains the required information, submitting electronic media in a compatible format, toll-free telecommunication, or other means authorized by the commissioner of children, youth, and families that will result in timely reporting.

EFFECTIVE DATE. This section is effective July 1, 2026.

Sec. 5. Minnesota Statutes 2024, section 142A.29, subdivision 6, is amended to read:

Subd. 6. **Sanctions.** If an employer or payor fails to report under this section, the commissioner of children, youth, and families, by certified mail, shall send the employer or payor a written notice of noncompliance requesting that the employer or payor comply with the reporting requirements of this section. The notice of noncompliance must explain the reporting procedure under this section and advise the employer or payor of the penalty for noncompliance. An employer or payor who has received a notice of noncompliance and later incurs a second violation is subject to a civil penalty of \$25 for each intentionally unreported employee or independent contractor. An employer or payor who has received a

notice of noncompliance is subject to a civil penalty of \$500 for each intentionally unreported employee or independent contractor, if noncompliance is the result of a conspiracy between an employer or payor and an employee or independent contractor not to supply the required report or to supply a false or incomplete report. These penalties may be imposed and collected by the commissioner of children, youth, and families. An employer or payor who has been served with a notice of noncompliance and incurs a second or subsequent violation resulting in a civil penalty, has the right to a contested case hearing under chapter 14. An employer or payor has 20 days from the date of service of the notice, to file a request for a contested case hearing with the commissioner. The order of the administrative law judge constitutes the final decision in the case.

EFFECTIVE DATE. This section is effective July 1, 2026.

Sec. 6. Minnesota Statutes 2024, section 518A.53, subdivision 5, is amended to read:

Subd. 5. Payor of funds responsibilities. (a) An order for or notice of withholding is binding on a payor of funds upon receipt. Withholding must begin no later than the first pay period that occurs after 14 days following the date of receipt of the order for or notice of withholding. In the case of a financial institution, preauthorized transfers must occur in accordance with a court-ordered payment schedule.

(b) A payor of funds shall withhold from the income payable to the obligor the amount specified in the order or notice of withholding and amounts specified under subdivisions 6 and 9 and shall remit the amounts withheld to the public authority within seven business days of the date the obligor is paid the remainder of the income. The payor of funds shall include with the remittance the Social Security number of the obligor, the case type indicator as provided by the public authority and the date the obligor is paid the remainder of the income. A payor of funds may combine all amounts withheld from one pay period into one payment to each public authority, but shall separately identify each obligor making payment.

(c) A payor of funds shall not discharge, or refuse to hire, or otherwise discipline an employee as a result of wage or salary withholding authorized by this section. A payor of funds shall be liable to the obligee for any amounts required to be withheld. A payor of funds that fails to withhold or transfer funds in accordance with this section is also liable to the obligee for interest on the funds at the rate applicable to judgments under section 549.09, computed from the date the funds were required to be withheld or transferred. A payor of funds is liable for reasonable attorney fees of the obligee or public authority incurred in enforcing the liability under this paragraph. A payor of funds that has failed to comply with the requirements of this section is subject to contempt sanctions under section 518A.73.

If the payor of funds is an employer or independent contractor and violates this subdivision, a court may award the obligor twice the wages lost as a result of this violation. If a court finds a payor of funds violated this subdivision, the court shall impose a civil fine of not less than \$500. The liabilities in this paragraph apply to intentional noncompliance with this section.

~~(d) If a single employee is subject to multiple withholding orders or multiple notices of withholding for the support of more than one child,~~ The payor of funds shall comply with all of the withholding orders or notices to the extent that the total amount withheld from the obligor's income does not exceed the limits imposed under the Consumer Credit Protection Act, United States Code, title 15, section 1673(b), giving priority to amounts designated in each order or notice as current support as follows:

(1) if the total of the amounts designated in the orders for or notices of withholding as current support exceeds the amount available for income withholding, the payor of funds shall allocate to each order or notice an amount for current support equal to the amount designated in that order or notice as current support, divided by the total of the amounts designated in the orders or notices as current support, multiplied by the amount of the income available for income withholding; and

(2) if the total of the amounts designated in the orders for or notices of withholding as current support does not exceed the amount available for income withholding, the payor of funds shall pay the amounts designated as current support, and shall allocate to each order or notice an amount for past due support, equal to the amount designated in that order or notice as past due support, divided by the total of the amounts designated in the orders or notices as past due support, multiplied by the amount of income remaining available for income withholding after the payment of current support.

(e) When an order for or notice of withholding is in effect and the obligor's employment is terminated, the obligor and the payor of funds shall notify the public authority of the termination within ten days of the termination date. The termination notice shall include the obligor's home address and the name and address of the obligor's new payor of funds, if known.

(f) A payor of funds may deduct one dollar from the obligor's remaining salary for each payment made pursuant to an order for or notice of withholding under this section to cover the expenses of withholding.

EFFECTIVE DATE. This section is effective July 1, 2026.

- 6.1 Sec. 7. **REPEALER.**
- 6.2 Minnesota Statutes 2024, section 142A.29, subdivision 9, is repealed.
- 6.3 **EFFECTIVE DATE.** This section is effective July 1, 2026.

142A.29 WORK REPORTING SYSTEM.

Subd. 9. **Independent contractors.** The state and all political subdivisions of the state, when acting in the capacity of an employer, shall report the hiring of any person as an independent contractor to the centralized work reporting system in the same manner as the hiring of an employee is reported.

Other payors may report independent contractors to whom they make payments that require the filing of a 1099-MISC report. Payors reporting independent contractors shall report by use of the same means and provide the same information required under subdivisions 4 and 5. The commissioner of children, youth, and families shall establish procedures for payors reporting under this section.