

**DEPARTMENT OF SOCIAL AND HEALTH SERVICES – ECONOMIC  
SERVICES ADMINISTRATION – DIVISION OF CHILD SUPPORT:**

**DRAFT LANGUAGE FOR 2025 SESSION**

**INDEPENDENT CONTRACTOR REPORTING**

**Sec. 1.** RCW 26.23.020 and 2023 c 248 s 2 are each amended to read as follows

The definitions contained in RCW 74.20A.020 shall be incorporated into and made a part of this chapter.

(1) "Disposable earnings" means that part of the earnings of an individual remaining after the deduction from those earnings of an amount required by law to be withheld.

(2) "Earnings" means compensation paid or payable for personal services, whether denominated as wages, salary, commission, bonus, or otherwise, and, notwithstanding any other provision of law making the payments exempt from garnishment, attachment, or other process to satisfy support obligations, specifically includes periodic payments pursuant to pension or retirement programs, or insurance policies of any type, but does not include payments made under Title 50 RCW, except as provided in RCW 50.40.020 and 50.40.050, or Title 74 RCW. Earnings shall specifically include all gain from capital, from labor, or from both combined, not including profit gained through sale or conversion of capital assets.

(3) "Employee" means a person in employment as defined in Title 50 RCW to whom an employer is paying, owes or anticipates paying earnings as a result of services performed.

(4) "Employer" means any person or entity who pays or owes earnings in employment as defined in Title 50 RCW to the responsible parent including but not limited to the United States government, or any state or local unit of government.

(5) "Lump sum payment" means income other than a periodic recurring payment of earnings on regular paydays and does not include reimbursement for expenses. Lump sum payment includes, but is not limited to, discretionary and nondiscretionary bonuses, commissions, performance bonuses, merit increases, safety awards, signing bonuses, moving

and relocation incentive payments, holiday pay, termination pay, and severance pay. Lump sum payment also includes workers' compensation, insurance settlements, and personal injury settlements paid as replacement for wages owed.

(6) "Service provider", also known as an independent contractor, means:

(a) Any person over 18 years of age, a corporation with a sole shareholder, or a limited liability company with a sole member;

(b) Who is not an employee of the service recipient as defined in subsection (3) of this section; and

(c)(i) Who contracts or provides services for compensation to a service recipient doing business in this state in an amount equal to or greater than \$600 in the calendar year;

(ii) Who logs in as a driver to the digital network of a transportation network company doing business in this state or a company operating a network in this state to facilitate delivery of food, goods, or services to persons seeking those services; or

(iii) Who logs in as a service provider to a digital platform company doing business in this state or a company operating a network in this state to facilitate the performance of services to persons seeking those services.

(7) "Service recipient" means:

(a) A person doing business in the state of Washington who, as part of that business, enters into a contract for services with a service provider or receives services from a service provider; or

(b) A person doing business in this state as a company that maintains a digital network to facilitate services by:

(i) Transportation network company drivers or drivers delivering food, goods, or services to a person seeking those services; or

(ii) Others who meet the definition of service provider in subsection (6) of this section.

(c) For the purposes of this chapter and chapter 74.20A RCW, a service recipient is equivalent to an employer for the purposes of honoring an income withholding order or order to withhold and deliver.

(8) "Support order" means a superior court order or administrative order, as defined in RCW 74.20A.020.

**NEW SECTION. Sec 2.** A new section is added to chapter 26.23 RCW to read as follows:

(1) All service recipients shall report to the Washington state support registry (WSSR):

(a) The hiring or use of a service provider to whom the service recipient:

(i) Pays \$600 or more to the service provider in a calendar year; or

(ii) Enters into a contract with the service provider for \$600 or more in a calendar year;

and

(b) The date on which the service provider first performed, or is anticipated to perform, services for pay for the service provider.

(2) Service recipients shall report by any means authorized by the WSSR which will result in timely reporting.

(3) Service recipients shall submit reports to the WSSR within 20 days of the earlier of:

- (a) Paying, or anticipating paying, \$600 or more to the service provider in a calendar year; or
- (b) Entering into a contract with the service provider for \$600 or more in a calendar year.
- (4) The report shall contain the following information:
  - (a) The service provider's:
    - (i) Name;
    - (ii) Address;
    - (iii) Date of birth; and
    - (iv) Social security number or other identifying number assigned under section 6109 of the internal revenue code of 1986.
  - (b) An indication that the person is being reported as a service provider and not as an employee.
  - (c) The service recipient's:
    - (i) Name;
    - (ii) Address; and
    - (iii) Identifying number assigned under section 6109 of the internal revenue code of 1986.
- (5) A service provider who fails to report as required under this section shall be subject to a civil penalty of:
  - (a) \$25 per month per service provider; or
  - (b) \$500, if the failure to report is the result of a conspiracy between the service recipient and the service provider not to supply the required report, or to supply a false report. All violations within a single month shall be considered a single violation for purposes of assessing the penalty. The penalty may be imposed and collected by the division of child support under RCW 74.20A.350.
- (6) The registry shall retain or destroy reports it receives from service recipients, as appropriate.
  - (a) The registry must retain the information for a particular service provider only if the registry is responsible for establishing, enforcing, or collecting a support debt of the service provider. The registry may, however, retain information for a particular service provider for as long as may be necessary to:
    - (i) Transmit the information to the national directory of new hires as required under federal law; or
    - (ii) Provide the information to other state agencies for comparison with records or information possessed by those agencies as required by law.
  - (b) Information that is not permitted to be retained shall be promptly destroyed. Agencies that obtain information from the department of social and health services under this section shall maintain the confidentiality of the information received, except as necessary to implement the agencies' responsibilities.
- (7) The secretary of the department of social and health services may adopt rules to implement this section and may establish exemptions if needed to reduce unnecessary or burdensome reporting.

**Sec. 3.** RCW 74.20A.350 and 2021 c 35 s 19 are each amended to read as follows:

(1) The division of child support may issue a notice of noncompliance to any person, firm, entity, or agency of state or federal government that the division believes is not complying with:

(a) An income withholding order issued under chapter 26.23 RCW;

(b) A lien, order to withhold and deliver, or assignment of earnings issued under this chapter;

(c) Any other wage assignment, garnishment, attachment, or withholding instrument properly served by the agency or firm providing child support enforcement services for another state, under Title IV-D of the federal social security act;

(d) A subpoena issued by the division of child support, or the agency or firm providing child support enforcement for another state, under Title IV-D of the federal social security act;

(e) An information request issued by the division of child support, or the agency or firm providing child support enforcement for another state under Title IV-D of the federal social security act, to an employer or entity required to respond to such requests under RCW 74.20A.360;

(f) The duty to report newly hired employees imposed by RCW 26.23.040; ~~((e))~~

(g) The duty to report the hiring or use of a service provider imposed by section 2 of this act; or

(h) The duty of a business, employer, or payroll processor that has received an income withholding order from the department of social and health services requiring payment to the Washington state support registry to remit withheld funds by electronic means imposed by RCW 26.23.065.

(2) Liability for noncompliance with a wage withholding, garnishment, order to withhold and deliver, or any other lien or attachment issued to secure payment of child support is governed by RCW 26.23.090 and 74.20A.100, except that liability for noncompliance with remittance time frames is governed by subsection (4) of this section.

(3) Fines for noncompliance by a business, employer, or payroll processor with the duty to remit withheld funds by electronic means imposed by RCW 26.23.065 are governed by subsection (4)(c) of this section.

(4) The division of child support may impose fines of up to one hundred dollars per occurrence for:

(a) Noncompliance with a subpoena or an information request issued by the division of child support, or the agency or firm providing child support enforcement services for another state under Title IV-D of the federal social security act;

(b) Noncompliance with the required time frames for remitting withheld support moneys to the Washington state support registry, or the agency or firm providing child support enforcement services for another state, except that no liability shall be established for failure to make timely remittance unless the division of child support has provided the person, firm, entity, or agency of state or federal government with written warning:

(i) Explaining the duty to remit withheld payments promptly;

(ii) Explaining the potential for fines for delayed submission; and

(iii) Providing a contact person within the division of child support with whom the person, firm, entity, or agency of state or federal government may seek assistance with child support withholding issues;

(c) A business, employer, or payroll processor's noncompliance with the duty to remit withheld funds by electronic means imposed by RCW 26.23.065. The division of child support may not impose fines for failure to comply with this requirement unless it has provided the person, firm, entity, or agency of state or federal government with written warning:

(i) Explaining the duty to remit withheld payments by electronic means;

(ii) Explaining the potential for fines for failure to remit withheld payments by electronic means when required under RCW 26.23.065; and

(iii) Providing a contact person within the division of child support with whom the person, firm, entity, or agency of state or federal government may seek assistance with child support withholding issues.

(5) The division of child support may assess fines according to RCW 26.23.040 and section 2 of this act for failure to comply with ~~((employer))~~ reporting requirements.

(6) The division of child support may suspend licenses for failure to comply with a subpoena issued under RCW 74.20.225.

(7) The division of child support may serve a notice of noncompliance by personal service or by any method of mailing requiring a return receipt.

(8) The liability asserted by the division of child support in the notice of noncompliance becomes final and collectible on the twenty-first day after the date of service, unless within that time the person, firm, entity, or agency of state or federal government:

(a) Initiates an action in superior court to contest the notice of noncompliance;

(b) Requests a hearing by delivering a hearing request to the division of child support in accordance with rules adopted by the secretary under this section; or

(c) Contacts the division of child support and negotiates an alternate resolution to the asserted noncompliance or demonstrates that the person, firm, entity, or agency of state or federal government has complied with the child support processes.

(9) The notice of noncompliance shall contain:

(a) A full and fair disclosure of the rights and obligations created by this section; and

(b) Identification of the:

(i) Child support process with respect to which the division of child support is alleging noncompliance; and

(ii) State child support enforcement agency issuing the original child support process.

(10) In an administrative hearing convened under subsection (8)(b) of this section, the presiding officer shall determine whether or not, and to what extent, liability for noncompliance exists under this section, and shall enter an order containing these findings. If liability does exist, the presiding officer shall include language in the order advising the parties to the proceeding that the liability may be collected by any means available to the division of child support under subsection (13) of this section without further notice to the liable party.

(11) Hearings under this section are governed by the administrative procedure act, chapter 34.05 RCW.

(12) After the twenty days following service of the notice, the person, firm, entity, or agency of state or federal government may petition for a late hearing. A petition for a late

hearing does not stay any collection action to recover the debt. A late hearing is available upon a showing of any of the grounds stated in civil rule 60 for the vacation of orders.

(13) The division of child support may collect any obligation established under this section using any of the remedies available under chapter 26.09, 26.18, 26.21A, 26.23, 74.20, or 74.20A RCW for the collection of child support.

(14) The division of child support may enter agreements for the repayment of obligations under this section. Agreements may:

(a) Suspend the obligation imposed by this section conditioned on future compliance with child support processes. Such suspension shall end automatically upon any failure to comply with a child support process. Amounts suspended become fully collectible without further notice automatically upon failure to comply with a child support process;

(b) Resolve amounts due under this section and provide for repayment.

(15) The secretary may adopt rules to implement this section.

NEW SECTION. **Sec. 4.** This act takes effect January 1, 2027.

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