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SENATE BILL 5552

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State of Washington

63rd Legislature

2013 Regular Session

By Senators Darneille, Kline, Chase, Nelson, Hasegawa, Kohl-Welles, Keiser, McAuliffe, and Shin

Read first time 02/04/13. Referred to Committee on Human Services & Corrections.

1 AN ACT Relating to improving child support collections by requiring  
2 reporting of compensation and establishing an intercept program; adding  
3 new sections to chapter 26.23 RCW; creating a new section; and  
4 prescribing penalties.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature recognizes that the state  
7 has an interest in ensuring that children are supported by their  
8 parents. It benefits the children and the state for the state to have  
9 an effective child support enforcement program. Therefore, the  
10 legislature intends to create new tools to increase the collection of  
11 child support obligations.

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

14 (1) Any person or entity doing business in the state of Washington  
15 who is required to file a report with the internal revenue service for  
16 services received from an independent contractor shall report to the  
17 Washington state support registry the hiring of any independent

1 contractor who resides or works in this state to whom the person or  
2 entity anticipates paying compensation.

3 (2) Persons or entities may report by any means authorized by the  
4 registry which will result in timely reporting. The following  
5 information must be reported:

6 (a) The independent contractor's name, address, social security  
7 number, and date of birth; and

8 (b) The person or entity's name, address, and, if applicable, the  
9 identifying number assigned under section 6109 of the internal revenue  
10 code of 1986.

11 (3) Persons or entities shall submit reports within twenty days of  
12 either entering into a contract with the independent contractor for  
13 compensation of six hundred dollars or more or making payments to the  
14 independent contractor totaling six hundred dollars or more.

15 (4) A person or entity who fails to report as required under this  
16 section is subject to a civil penalty of:

17 (a) Twenty-five dollars; or

18 (b) Five hundred dollars, if the failure to report is the result of  
19 a conspiracy between the person or entity and the independent  
20 contractor not to supply the required report, or to supply a false  
21 report. The penalty may be imposed and collected by the division of  
22 child support under RCW 74.20A.350.

23 (5)(a) The registry must retain the information for a particular  
24 independent contractor only if the registry is responsible for  
25 establishing, enforcing, or collecting a support debt of the  
26 independent contractor. The registry may, however, retain information  
27 for a particular independent contractor for as long as may be necessary  
28 to:

29 (i) Transmit the information to the national directory of new hires  
30 as required under federal law; or

31 (ii) Provide the information to other state agencies for comparison  
32 with records or information possessed by those agencies as required by  
33 law.

34 (b) Information that is not permitted to be retained must be  
35 promptly destroyed. Agencies that obtain information from the  
36 department of social and health services under this section shall  
37 maintain the confidentiality of the information received, except as  
38 necessary to implement the agencies' responsibilities.

1 (6) For the purposes of this section, "independent contractor"  
2 means an individual who:

3 (a) Is customarily engaged in an independently established trade,  
4 occupation, profession, or business, of the same nature as that  
5 involved in the contract of service, or the individual has a principal  
6 place of business for the business the individual is conducting that is  
7 eligible for a business deduction for federal income tax purposes; and

8 (b) On the effective date of the contract of service, is  
9 responsible for filing at the next applicable filing period, both under  
10 the contract of service and in fact, a schedule of expenses with the  
11 internal revenue service for the type of business the individual is  
12 conducting; and

13 (c) On the effective date of the contract of service, or within a  
14 reasonable period after the effective date of the contract, has  
15 established an account with the department of revenue, and other state  
16 agencies as required by the particular case, for the business the  
17 individual is conducting for the payment of all state taxes normally  
18 paid by employers and businesses and has registered for and received a  
19 unified business identifier number from the state of Washington; and

20 (d) On the effective date of the contract of service, is  
21 maintaining a separate set of books or records that reflect all items  
22 of income and expenses of the business which the individual is  
23 conducting.

24 NEW SECTION. **Sec. 3.** A new section is added to chapter 26.23 RCW  
25 to read as follows:

26 (1) The department shall develop rules to implement a gambling  
27 payment intercept program. The gambling payment intercept program must  
28 require cardrooms and casinos to withhold cash payments from a winning  
29 player if the player is a parent with a child support obligation in  
30 arrears. The department shall develop a process for the cardrooms and  
31 casinos to search a database or list of obligor parents in arrears  
32 provided to the cardroom and casino by the department and report to the  
33 department.

34 (2) The department shall work with the Washington state gambling  
35 commission to make every effort to negotiate tribal gaming compacts

1 with the tribes that include gambling payment intercept programs.

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