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Requiring All Employers to Report Income for Independent Contractors to Increase Payments and Enhance Fairness of Child Support Orders

Purpose

HF1316 (Curran) and SF2306 (Westlin) requires employers in the state to report new hires of 1099 independent contractors to the Minnesota Department of Children, Youth, and Families to increase payments and enhance fairness of child support orders. This legislation is effective July 1, 2026.

Background and History

In Minnesota, all employers must currently report new hires of W2 employees to the Minnesota Department of Human services. This allows for the effective collection of child support orders, when necessary, through payroll withholding.

There has been a substantial rise over the past decade in non-traditional employees that include 1099 independent contractors working for companies. A 2021 study by Pew Research Center found that of current or recent gig workers, nearly 1 in 3 received their primary source of income through independent contract work.

This has made it more difficult to collect child support under the current law when necessary and it means children are not always receiving court ordered child support even when the paying parent is working.

Government agencies are currently required to report hiring independent contractors, but non-government employers are not; they are only encouraged to do so. This bill would simply extend the requirement to report the hiring of independent contractors to all employers in the state.

Doing so will make the child support system fairer because it will be able to accurately account for people with independent contractor income who have child support obligations and improve its ability to ensure child support is received in a timely and efficient manner.

Supporters

Ramsey County has met with representatives of the MSBA Family Law Section, Minnesota Legal Aid, Minnesota Family Support & Recovery Council, and Ujama Place, all of which have expressed support for this legislative proposal.

Other State Jurisdictions with Similar Laws

California, Colorado, Connecticut, Florida, Guam, Illinois, Iowa, Maine, Massachusetts, Nebraska, New Hampshire, New Jersey, New York, Ohio, Oregon, Texas, Virginia, and West Virginia