

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 980 (Delegate Jacobs, *et al.*)
Economic Matters

Labor and Employment - Right to Work

This bill prohibits an employer or labor organization from requiring employees to join or remain members of or pay dues to a labor organization. An employer may not deduct any labor organization dues or charges without the written authorization of the employee and the employee may revoke that authorization by written notice 30 days in advance of the revocation.

An employer must post notice of the employee's rights under this bill and must provide the employee with a copy of that notice at the time the employee is hired or rehired.

The Attorney General and the State's Attorney of each county must investigate complaints of violations and enforce the provisions of the law. Violators are guilty of a misdemeanor and subject to a fine not to exceed \$1,000 and/or imprisonment for a term not to exceed 90 days. In addition, an individual injured as a result of a violation of this law is entitled to recover damages.

Fiscal Summary

State Effect: Potential minimal increase in revenues due to the bill's monetary penalty provision. No effect on expenditures.

Local Effect: Potential minimal increase in expenditures due to the bill's incarceration penalty provision. Revenues would not be affected.

Small Business Effect: Minimal impact on small business as discussed below.

Fiscal Analysis

State Revenues: General fund revenues could increase under the bill's monetary penalty provision for those cases heard in the District Court, depending upon the number of convictions and the fines imposed. Any increase is assumed to be minimal.

State Expenditures: It is assumed that any increase in activity related to investigating and enforcing the provisions of this bill can be handled with the existing resources of the Attorney General's office.

Local Effect: Expenditures could increase as a result of the bill's incarceration penalty depending upon the number of convictions and sentences imposed. Counties pay the full cost of incarceration for a sentence of 90 days or less. Per diem operating costs of local detention facilities are expected to range from \$23 to \$83 per inmate in fiscal 1998. Any increase is assumed to be minimal.

Small Business Impact: Prohibiting employers or labor organizations from requiring employees to join, remain members of, or pay dues to a labor organization could reduce wages and thereby lower the operating costs for small businesses. To the extent that the bill creates the perception that Maryland is "business-friendly", economic activity could increase, resulting in additional revenues for some existing small businesses and opportunities for the creation of new small businesses. The bill would minimally increase administrative costs for small businesses based on the bill's requirement that employers post notice of the employees' rights under this bill and provide employees with a copy of the notice when the employee is hired or rehired.

Additional Comments: The rights afforded employees under this bill are often referred to as the "right-to-work." Twenty-one states currently have right-to-work laws, including North Carolina, South Carolina, and Virginia. Right-to-work legislation could stimulate economic activity to the extent that companies searching for new business locations view such laws as "business-friendly."

Information Source(s): Attorney General's Office; Department of Labor, Licensing, and Regulation; Department of Fiscal Services

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