

Department of Legislative Services  
 Maryland General Assembly  
 1999 Session

FISCAL NOTE

House Bill 852 (Delegates Benson and Cane)

Economic Matters

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**Agricultural Migrant Workers - Salaries - Overtime Pay**

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This bill requires employers to pay agricultural employees who are exempt from the overtime provisions of the federal Fair Labor Standards Act an overtime wage that is at least 1.5 times the usual pay for each hour over 40 hours that an employee works in 1 week. Under current law, agricultural employees who are exempt from the federal Act must work 60 hours before earning overtime.

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**Fiscal Summary**

**State Effect:** General fund expenditures would increase by \$28,800 in FY 2000. Out-year projections reflect annualization, inflation, and ongoing operating expenses. Revenues would not be affected.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	28,800	34,000	35,200	36,400	37,700
Net Effect	(\$28,800)	(\$34,000)	(\$35,200)	(\$36,400)	(\$37,700)

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** Meaningful effect.

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## Fiscal Analysis

**Background:** Prior to 1991, the Division of Labor and Industry's Employment Standards Service had a 34-member staff to administer various laws relating to wage and employment in Maryland. Currently, however, the Employment Standards Service only has 6 authorized positions. As a result, the division only enforces the Wage Payment and Collection Law.

**State Effect:** The Division of Labor and Industry has not enforced the Wage and Hour Law since funding was significantly cut in 1991. In order to enforce the bill's provisions, the division would need to hire an investigator. As a result, general fund expenditures could increase by an estimated \$28,800 in fiscal 2000, which accounts for the bill's October 1, 1999 effective date. This estimate also includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$22,700
Computer Equipment (one-time start-up cost)	2,400
Other Operating Expenses	<u>3,700</u>
<b>Total FY 2000 State Expenditures</b>	<b>\$28,800</b>

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

**Small Business Effect:** This bill would alter the threshold for wages in agricultural employment from 60 hours to 40 hours. As a result, small businesses' payroll costs would increase. There are currently 2,772 employers in agriculture with 22,661 employees.

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**Information Source:** Department of Labor, Licensing, and Regulation

**Fiscal Note History:** First Reader - February 24, 1999

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