

Department of Legislative Services  
 Maryland General Assembly  
 2000 Session

FISCAL NOTE

House Bill 686 (Delegate Malone. *et al.*)

Economic Matters

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**Employers and Employees - Disclosure of Reason for Discharge**

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The bill requires an employer to provide a discharged employee a written disclosure stating the reason for the discharge within 30 days of the discharge. The Commissioner of Labor and Industry has the authority to investigate any alleged violations upon the receipt of a written complaint. If the Commissioner finds that an employer has intentionally or knowingly failed to provide the notice, the employer is subject to a civil fine of \$1,000 to \$5,000.

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**Fiscal Summary**

**State Effect:** General fund expenditures would increase by \$138,500 in FY 2001. Out-year expenditures reflect a reduction in communication needs and ongoing operating expenses. Minimal general fund revenue increase from the civil penalty provision.

| (in dollars)    | FY 2001     | FY 2002    | FY 2003    | FY 2004    | FY 2005    |
|-----------------|-------------|------------|------------|------------|------------|
| GF Revenues     | -           | -          | -          | -          | -          |
| GF Expenditures | \$138,500   | \$57,600   | \$59,900   | \$62,400   | \$65,000   |
| Net Effect      | (\$138,500) | (\$57,600) | (\$59,900) | (\$62,400) | (\$65,000) |

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

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** Employers are not required to provide a discharged employee with any reason for the discharge.

**Background:** The Standards Services of the Department of Labor, Licensing, and

Regulation (DLLR) receives approximately 4,000 telephone calls a month on wage and termination related issues. DLLR advises that the majority of these calls are from recently discharged employees, who often report that they are seldom given reasons why they were discharged.

**State Fiscal Effect:** General fund expenditures could increase by an estimated \$138,500 in fiscal 2001, which accounts for the bill's October 1, 2000, effective date. This estimate reflects the cost of hiring a wage and hour investigator and a clerk to notify all 130,000 Maryland employers of the new law and then to investigate written complaints. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses and a one-time mass communication effort with Maryland employers.

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| Salaries and Fringe Benefits                 | \$41,600         |
| Mailing and Other Employer Education Efforts | 77,800           |
| Operating Expenses                           | <u>19,100</u>    |
| <b>Total FY 2001 State Expenditures</b>      | <b>\$138,500</b> |

Future year expenditures reflect (1) full salaries with 4.5% annual increases and 3% employee turnover; (2) 1% annual increases in ongoing operating expenses; and (3) a reduction in communication efforts.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - March 7, 2000  
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