

Department of Legislative Services

Maryland General Assembly

2003 Session

FISCAL AND POLICY NOTE

Senate Bill 621

(Senator Mooney)

Finance

**Commercial Law - Consumer Protection - The Social Security Number
Protection Act**

This bill prohibits, as a condition to providing consumer goods and services, a person from requesting, recording, or distributing an individual's Social Security number (SSN) or a portion thereof. Under the bill, "consumer goods" are goods primarily for personal, household, family, or agricultural purposes. "Consumer services" are services primarily for personal household, family, or agricultural purposes, including banking and medical services. The bill authorizes the Attorney General to institute a civil action against a person who violates the bill for a penalty ranging from \$1,000 to \$10,000 for each violation. Each request is a separate violation. The Attorney General may also seek an injunction in a civil action to prohibit a person from engaging in a violation of the bill.

Fiscal Summary

State Effect: Increase of approximately \$180,000 in FY 2004 for the State Employee and Retiree Health and Welfare Benefits Plan (State health plan) to comply with the bill's requirements by October 1, 2003. Expenditures for employee health benefits could increase to the extent the administrative costs for self-insured plans and premiums for nonself-insured plans increase. Any such increase is expected to be minimal.

Local Effect: Expenditures for local government employee health benefits could increase if carriers raise their premiums as a result of the bill's requirements. Any increase is expected to be minimal. Revenues would not be affected.

Small Business Effect: Potential meaningful.

Analysis

Current Law: The State, local governments, local school systems, and public institutions of higher education may not print an employee's SSN on any type of identification card. A local school system and a public institution of higher education may not print a student's SSN on any type of identification card. The Motor Vehicle Administration may not use, include, or encode, in any form, an individual's SSN on the individual's driver's license. Use of an individual's SSN is not prohibited in other instances.

Background: Various sections of the Code require the use of a Social Security number, including various licensing requirements and, if the testator's Social Security number is available, the deposit of a will with the local register of wills. Use of an individual's Social Security number may also be required under federal law, including in an application for federal student financial aid.

State Fiscal Effect: Many of the State health plan cards, including the prescription and dental benefit cards, display a member's SSN. Approximately 240,000 such cards are currently issued to employees, retirees, and dependents. The replacement cost per card is approximately \$0.50, representing a total replacement cost of \$120,000 in fiscal 2004. In addition to the replacement of benefit cards, the State health plan would incur approximately \$60,000 to reprogram its computer system to exclude the SSN on all correspondence and other documents. State health plan expenditures assume a fund mix of 60% general funds, 20% federal funds, and 20% special funds; 20% of expenditures are reimbursable through employee contributions.

Small Business Effect: Small businesses that use a SSN for identifying information would experience increased costs to comply with the bill. These costs are expected to be one-time costs but could be significant depending on the nature of the business.

Additional Information

Prior Introductions: Similar bills were introduced in the 2002 (HB 281) and 2001 (HB 893) sessions. Both bills received unfavorable reports from the House Commerce and Government Matters Committee.

Cross File: HB 134 (Delegate Dwyer, *et al.*) – Economic Matters.

Information Source(s): Office of the Attorney General (Consumer Protection Division), Department of Budget and Management (Employee Benefits Division), Department of Legislative Services

Fiscal Note History: First Reader - March 4, 2003
ncs/jr

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