

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 698
 Economic Matters

(Delegate Mandel, *et al.*)

Labor and Employment - Equal Pay for Equal Work

This bill permits compensatory and punitive damage awards from an employer who violates the Maryland Equal Pay for Equal Work law. The Commissioner of Labor and Industry must assess a civil penalty of up to 10% of the amount of damages owed against the employer. These fines would fund the administration and enforcement of the law, including the Equal Pay Commission.

The bill establishes an Equal Pay Commission for a period of two years (sunsets September 30, 2005). The commission will study wage disparities and present preliminary and final reports to the Governor and the General Assembly leadership by September 30, 2004 and 2005, respectively.

Fiscal Summary

State Effect: General fund expenditures would increase by \$18,800 in FY 2004 due to expense reimbursements and staffing costs. Out-year expenditures reflect annualization and final administrative costs. Potential increase in general fund fine revenues.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
GF Revenue	-	-	-	-	-
GF Expenditure	18,800	34,600	6,100	0	0
Net Effect	(\$18,800)	(\$34,600)	(\$6,100)	\$0	\$0

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

Local Effect: Potential minimal increase in expenditures for circuit courts due to decreased pretrial settlements and longer trials.

Small Business Effect: No impact is anticipated.

Analysis

Current Law: Employees who bring successful suits against their employers are entitled to an amount equal to twice the difference between their wages and a comparable employee's wages. There are no provisions for compensatory or punitive damages.

The state has no Equal Pay Commission.

Background: The Division of Labor and Industry indicates that it has not received any complaints relative to the Equal Pay for Equal Work law in the past ten years. When the Employment Standards Service was fully staffed prior to 1991, occasional complaints were received and investigated. Valid complaints were resolved by the employer voluntarily increasing the female employee's pay to equal the male employee's pay. The division can find no complaint that resulted in civil action. The division does not expect any revenues from the penalty provisions in the bill.

State Fiscal Effect: The division estimates the commission will meet ten times annually for a period of two years. One part-time contractual Administrative Officer II will be required to staff the commission in fiscal 2004 at a cost of \$15,690. Travel reimbursement for fiscal 2004 will be \$3,150. Fiscal 2005 costs reflect annualization and fiscal 2006 reflects closeout costs for the commission.

The Administrative Office of the Courts (AOC) indicates that fewer cases will reach pretrial settlement agreements and trials will increase in length due to the inclusion of compensatory and punitive damages to equal pay cases. AOC also notes that enforcement of fines assessed by the commissioner will likely lead to increased litigation of equal pay cases.

Additional Information

Prior Introductions: None.

Cross File: SB 250 (Senator Grosfeld, *et al.*) – Finance.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Labor, Licensing, and Regulation; Department of Legislative Services

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