

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 388
Economic Matters

(Delegate Petzold, *et al.*)

Finance

Wage Payments - Prohibition of Printing Social Security Numbers

This bill prohibits an employer, including a governmental unit, from printing an employee's Social Security number (SSN) on the employee's paycheck, an attachment to a paycheck, direct deposit notice, or notice of credit to a debit card or card account.

The bill takes effect January 1, 2007

Fiscal Summary

State Effect: None. Although State employee's SSNs are currently printed on employee's pay stubs, the Comptroller of the Treasury already intends to remove them prior to the effective date of the bill.

Local Effect: Potential minimal one-time costs to remove employee SSNs from a paycheck, an attachment to a paycheck, direct deposit notice, or notice of credit to a debit card or card account if such information is currently disclosed.

Small Business Effect: Potential minimal one-time cost to remove employee SSNs if currently disclosed.

Analysis

Current Law: Employers are required to give to each employee, for each pay period, a statement including the gross earnings of the employee and deductions from those gross earnings. A violation is a misdemeanor and is subject to a fine of up to \$1,000.

Background: Chapter 521 of 2005 prohibits a person under specified circumstances from: (1) publicly posting or displaying an individual's SSN; (2) printing an individual's SSN on a card required to access products or services provided by the person providing the card; (3) requiring an individual to transmit the individual's SSN over the Internet unless there is a secure connection and encryption protection; (4) initiate the transmission of an individual's SSN over the Internet unless there is a secure connection and encryption protection; (5) requiring an individual to use the individual's SSN to access an Internet web site, unless a password, unique personal identification, or other authentication device is also required; or (6) unless required by law, printing an individual's SSN on any material mailed to the individual, including an individual's SSN in material that is electronically transmitted to the individual without a secure connection or encryption protection, or including an individual's SSN in material that is sent by facsimile to the individual. Violation of these provisions is an unfair or deceptive trade practice under the Maryland Consumer Protection Act.

Also, 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.

Concern regarding identity theft has grown nationally. Unauthorized use of SSNs is the most common way criminals are committing identity theft. An individual's SSN can be used to access an individual's personal and often financial information. As indicated in the *Report on the Attorney General's Identity Theft Forum*, the number of identity theft complaints received by the Federal Trade Commission from Maryland residents increased by more than 400% over the last five years, ranking Maryland eleventh among the 50 states in the number of identity theft victims as a percent of its population.

Several other states have laws requiring that SSNs be masked on employee pay documents including Arizona, California, Oklahoma, Michigan, and Texas.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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