

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 364
Economic Matters

(Delegate Burns, *et al.*)

Task Force to Study State Employment Assistance for Ex-Felons

This bill establishes a task force to study current laws, policies, and practices relating to the employment of ex-felons by the State and private-sector employers in the State. The task force has to evaluate the effectiveness of programs designed to help inmates prepare for employment; investigate whether tax credits or employment bonds have a positive effect on the hiring practices of private employers; and recommend programs and legislation that increases employment opportunities for ex-felons in the State. A final report is due from the task force by December 31, 2009. The Department of Labor, Licensing, and Regulation (DLLR) must provide staff support for the task force.

The bill takes effect June 1, 2009 and terminates May 31, 2010.

Fiscal Summary

State Effect: Given the State's fiscal difficulties, agency budgets have been constrained. Thus, the requirement to staff the task force and develop the report may not be absorbable within the existing budgeted resources of the Department of Labor, Licensing, and Regulation (DLLR). Instead, general fund expenditures may increase in FY 2010 only for contractual staff to support the task force and complete the required evaluation. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Background: Many State prisons provide occupational training programs through Maryland Correctional Enterprises (MCE). MCE offers training in a variety of trades including auto repair; heating, ventilation, and air conditioning; masonry; plumbing; residential construction; metal fabrication; and meat cutting. According to the Division of Correction, 2,590 inmates participated in MCE training in fiscal 2008.

The State offers a long-term employment of ex-felons tax credit to businesses that hire one or more ex-felons between January 1, 2007 and December 31, 2011, and employ these individuals for more than a year. The credit may be taken against corporate, personal income tax, or State and local taxes withheld. Sole proprietorships, corporations, “pass-through” entities (*i.e.*, partnerships, limited liability companies, business trusts) and tax-exempt, nonprofit organizations may claim the tax credit. However, information is not yet available on use of this tax credit.

DLLR coordinates with the federal government to administer a federal bonding program in the State. The program offers fidelity bonding insurance protection to employers who hire individuals often denied coverage by commercial carriers because of a criminal record. The program provides bonds for six months at no cost to the employer. If the employer agrees to retain an employee after six months, a private insurer provides bonding at standard commercial rates.

Additional Comments: According to the Department of Business and Economic Development (DBED), substantial research may be needed evaluate State laws, policies, and practices relating to the employment of ex-felons. DBED advises that it may be necessary for DLLR to hire a consultant to collect data, possibly through surveys of felons or private business owners, to fulfill the reporting requirements and develop comprehensive recommendations. Similar evaluation and reporting requirements undertaken by DBED have averaged approximately \$150,000.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Business and Economic Development; Comptroller’s Office; Department of Labor, Licensing, and Regulation; Department of Public Safety and Correctional Services; Department of Legislative Services

Fiscal Note History: First Reader - February 23, 2009
ncs/mcr

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