

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 673 (Delegate Chang)
 Economic Matters

**Business Regulation - Innkeepers - Records, Human Trafficking Awareness
 Training, and Hourly Accommodations**

This bill prohibits an innkeeper from offering an hourly rate for any sleeping accommodation maintained by the lodging establishment. Each innkeeper must maintain a computerized recordkeeping system of all guest transactions and receipts. The records must be retained for at least six months. The Governor’s Office of Crime Control and Prevention (GOCCP) and the Department of Labor, Licensing, and Regulation (DLLR) must develop an educational training program and a refresher training program for the accurate and prompt identification and reporting of suspected human trafficking. The program must include a video presentation that offers guidance to employees of the innkeepers on (1) the recognition of potential victims of human trafficking and (2) the activities commonly associated with human trafficking. An innkeeper must ensure that all employees of the lodging establishment receive the annual training. By October 1, 2018, and then by October 1 annually thereafter, each innkeeper must certify to DLLR that all employees of the lodging establishment have received the annual training.

Fiscal Summary

State Effect: General fund expenditures increase in total by \$28,000 in FY 2018 for GOCCP and DLLR to develop and make available the educational training program and for DLLR’s information technology (IT) costs. Future year general fund expenditures of \$1,500 annually reflect ongoing IT costs for DLLR. Revenues are not affected.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	28,000	1,500	1,500	1,500	1,500
Net Effect	(\$28,000)	(\$1,500)	(\$1,500)	(\$1,500)	(\$1,500)

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

Local Effect: Local law enforcement can handle any additional enforcement activities due to the bill with existing resources. Revenues are not materially affected.

Small Business Effect: Meaningful. Lodging establishments that are small businesses must comply with the educational training program requirements and certify that fact to DLLR by October 1, 2018, and annually thereafter. In addition, the lodging establishments must also maintain electronic records and are prohibited from offering hourly rates.

Analysis

Current Law: State law does not prohibit an innkeeper from charging hourly rates for accommodation, require an innkeeper to maintain electronic records, or ensure training is provided to the employees of the lodging establishment. “Lodging establishment” means an inn, hotel, motel, or other establishment that has at least four rooms available for a fee to transient guests for lodging or sleeping purposes.

A person may not knowingly (1) engage in prostitution or assignation by any means; (2) keep, set up, occupy, maintain, or operate a building, structure, or conveyance for prostitution or assignation; (3) allow a building, structure, or conveyance owned or under the person’s control to be used for prostitution or assignation; (4) allow or agree to allow a person into a building, structure, or conveyance for prostitution or assignation; or (5) procure or solicit, or offer to procure or solicit, for prostitution or assignation. A person who violates any of those prohibitions is guilty of prostitution, a misdemeanor punishable by imprisonment for up to one year and/or a \$500 maximum fine.

Law enforcement may issue a civil citation to require the posting of National Human Trafficking Resource Center (NHTRC) hotline signs for one year in lodging establishments where arrests leading to convictions for prostitution, solicitation of a minor, or human trafficking have occurred. Violators are subject to a civil penalty of up to a \$1,000 fine, but each guest room that does not have a sign is *not* a separate violation.

Background: Human trafficking is an umbrella term used to describe the activities involved when someone obtains or holds a person in compelled service. Major forms of human trafficking include forced labor, sex trafficking, bonded labor, debt bondage, involuntary domestic servitude, forced child labor, child soldiers, and child sex trafficking. Millions of adults and children are in forced labor, bonded labor, and forced prostitution around the world. A 2012 report by the International Labour Organization estimated 20.9 million individuals were victims of forced labor worldwide, with 4.5 million of these in forced sexual exploitation.

The U.S. Department of Health and Human Services funds the NHTRC hotline, which is available to answer calls 24 hours a day, 365 days a year. The hotline provides callers with a wide range of services such as crisis intervention, urgent and nonurgent referrals, and anti-trafficking resources and technical assistance. The hotline received more than 20,000 calls each year from 2013 through 2016.

State Expenditures: DLLR and GOCCP are jointly required to develop the educational program, and innkeepers must certify to DLLR that their employees have participated in the program by October 1, 2018, and by October 1 annually thereafter. Both GOCCP and DLLR indicate that training videos will be made available to innkeepers under the program.

Based on recent costs for similar training videos, DLLR estimates that producing two training videos (one in English and one in Spanish) and hosting the videos on a State website costs approximately \$20,000. DLLR's estimates its IT costs associated with the annual certification process at \$5,000 in fiscal 2018 and \$1,500 annually thereafter.

GOCCP estimates that there are approximately 1,000 lodging establishments in the State. Creating and mailing two DVDs with the training videos to each establishment costs approximately \$3,000 in fiscal 2018.

Accordingly, general fund expenditures increase in total by \$28,000 in fiscal 2018 for GOCCP and DLLR to develop and make available the educational program and for DLLR's IT costs. Future year general fund expenditures of \$1,500 annually reflect ongoing IT costs for DLLR.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Governor's Office of Crime Control and Prevention; Department of Labor, Licensing, and Regulation; U.S. Department of Health and Human Services; International Labour Organization; Department of Legislative Services

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