

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 516 (Delegate Vogel)

Government, Labor, and Elections

Maryland Department of Labor - Investigation of Complaints - Requirements
(Worksite Enforcement Act of 2026)

This bill requires the Maryland Department of Labor (MD Labor) to establish procedures for receiving, reviewing, and investigating complaints regarding matters under its jurisdiction, including management, misconduct, abuse, fraud, waste, and behavior that threatens public safety or demonstrates negligence, incompetence, or malfeasance. The bill establishes rules and procedures for handling complaints and requires MD Labor to hire five investigators to handle the additional complaints under the bill. Beginning in fiscal 2027 and annually thereafter, the Governor must include in the annual budget bill an appropriation of \$500,000 for the employment of the investigators.

Fiscal Summary

State Effect: General fund expenditures increase by \$428,100 in FY 2027 to hire the required staff; out-years reflect annualization and ongoing operating costs. Although funding for the required staff may not be mandated until FY 2028, as discussed below, discretionary funding is assumed in FY 2027. Revenues are likely not materially affected. **This bill establishes a mandated appropriation beginning in FY 2028.**

| (in dollars) | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 |
|----------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 428,100 | 502,600 | 526,100 | 549,900 | 573,900 |
| Net Effect | (\$428,100) | (\$502,600) | (\$526,100) | (\$549,900) | (\$573,900) |

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

Local Effect: The bill does not directly affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary: MD Labor must cooperate and coordinate investigative efforts with (1) the Office of the Attorney General (OAG), Consumer Protection Division, and, when a preliminary investigation establishes a sufficient basis to warrant a referral, must refer matters to OAG and (2) units in MD Labor and other State and federal agencies.

On receipt of a complaint, MD Labor must send a written response to the complainant (1) within 7 calendar days after receipt if the complaint alleges unlicensed or unsafe activity that poses an imminent risk to public safety; (2) within 14 calendar days after receipt if the complaint alleges wage theft, worker misclassification, or professional misconduct; and (3) within 30 calendar days after receipt if the complaint alleges administrative or record-keeping deficiencies.

A response to a complainant by MD Labor must state (1) whether MD Labor is able to investigate the complaint and (2) if MD Labor is unable to investigate the complaint, the reason for the inability to do so and the contact information for OAG's Consumer Protection Division.

MD Labor must initiate a preliminary fact-finding investigation on receipt of a complaint in a manner and within a time frame sufficient to prevent the loss of evidence or a delay in enforcement. A preliminary fact-finding investigation may include:

- verifying licensure, registration, permit, and certification;
- conducting site checks;
- requesting records, including permits, payroll records, and worker classification documentation; and
- any other investigatory action necessary to preserve evidence and substantiate the allegations of a complaint.

The initiation of a complaint under the bill does not constitute a final determination of liability or an enforcement action by MD Labor.

MD Labor must employ one investigator for each of the following regions to investigate complaints in accordance with the bill:

- Western Maryland (Allegany, Carroll, Garrett, and Washington counties);
- Baltimore County and Baltimore City;
- the Eastern Shore;
- Central Maryland (Anne Arundel, Frederick, Harford, Howard, and Montgomery counties); and

- statewide and Southern Maryland (Calvert, Charles, Prince George's, and St. Mary's counties).

Each investigator is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.

MD Labor must adopt regulations to implement the bill, including regulations specifying processes and procedures for:

- the preliminary assessment of complaints to prioritize the identification of urgent issues that threaten public or personal safety requiring priority investigation and response;
- referring complaints to other divisions within the department or other government agencies; and
- documenting complaints, investigative findings, and outcomes.

Current Law: Section 3-103 of the Labor and Employment Article provides the Commissioner of Labor and Industry with broad authority to investigate complaints related to entities regulated by the division. Except as otherwise specified, the commissioner may conduct an investigation to determine whether certain provisions of the Labor and Employment Article have been violated, including employment of minors, equal pay for equal work, workplace fraud, minimum wage, family leave, and wage payment and collection. The investigation may be conducted either on the commissioner's own initiative or require a written complaint. Likewise, the Commissioner of Financial Regulation and occupational and professional licensing boards in MD Labor have considerable authority to investigate complaints against licensees and to take disciplinary actions.

State Expenditures: General fund expenditures increase by \$428,080 in fiscal 2027 to hire the five investigators required by the bill. This accounts for the bill's October 1, 2026 effective date. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. These positions are assumed to supplement existing investigatory staff (shown in **Exhibit 1**).

Although the bill requires the Governor to include \$500,000 in the annual budget bill beginning in fiscal 2027 to cover the costs of hiring the five investigators, the General Assembly cannot mandate appropriations in the following fiscal year; accordingly, any such appropriations in that year are discretionary. Moreover, beginning in fiscal 2028, the mandated funding is insufficient to cover the total ongoing costs for the new positions (*i.e.*, based on the salary levels at which MD Labor intends to hire the investigators). This shortfall likely requires the use of additional general funds; otherwise, the department may not be compliant with the bill's staffing requirements.

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| Positions | 5.0 |
| Salaries and Fringe Benefits | \$382,376 |
| Operating Expenses | <u>45,704</u> |
| Total FY 2027 State Expenditures | \$428,080 |

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

MD Labor advises that the requirements of the bill conflict with existing regulatory processes and procedures and, as a result, additional staff are needed to perform intake, respond in writing, perform data entry, answer inquiries, and coordinate investigatory efforts. While the Department of Legislative Services (DLS) acknowledges that the bill likely has a significant operational and fiscal impact on the department, it is unclear whether the bill results in a sustained increase in complaint levels or investigatory activity over time requiring additional staff (*i.e.*, beyond the five investigators required under the bill).

As noted above, MD Labor already has established complaint processing procedures, many of them required by statute, across all of its divisions. Further, as shown in Exhibit 1, MD Labor employs more than 200 staff with investigatory responsibilities across all divisions. DLS notes that these positions were identified only from job titles in budget documents; additional staff within MD Labor are likely involved in existing investigatory processes.

Although the five investigators hired under the bill are assumed to supplement these existing positions, it is unclear how they can do so. Each investigator under the bill is assigned to a region of the State and must respond to and investigate any complaint regarding matters under MD Labor's jurisdiction in that region. Therefore, each investigator must have expertise in banking and financial regulation, employment law, building trades, workforce development and correctional education, horse racing, railroads, elevator safety, and more. Each of these areas under MD Labor's jurisdiction requires specialized skills and knowledge that each investigator is unlikely to possess.

Exhibit 1
MD Labor Investigators/Inspectors/Examiners
Fiscal 2027

| <u>Division</u> | <u>Unit</u> | <u>Staff</u> | <u>Number</u> |
|------------------------|----------------------|---------------------------|----------------------|
| Financial Regulation | Financial Regulation | Depository Examiners | 16 |
| Financial Regulation | Financial Regulation | Nondepository Examiners | 40 |
| Labor and Industry | Employment Standards | Wage & Hour Investigators | 16 |
| Labor and Industry | Railroad Safety | Railroad Inspectors | 3 |
| Labor and Industry | Safety Inspection | Amusement Ride Inspectors | 9 |
| Labor and Industry | Safety Inspection | Boiler Inspectors | 9 |
| Labor and Industry | Safety Inspection | Elevator Inspectors | 15 |
| Labor and Industry | Prevailing Wage | Wage & Hour Investigators | 11 |
| Labor and Industry | MOSH | Compliance Hygienists | 14 |
| Labor and Industry | MOSH | Compliance Officers | 58 |
| O&P | Licensing | Investigators | 14 |
| Total | | | 205 |

MOSH: Maryland Occupational Safety and Health Administration

O&P: Division of Occupational and Professional Licensing

Note: These positions are included in the fiscal 2027 budget as introduced.

Sources: Department of Budget and Management; Department of Legislative Services

While OAG also indicates additional staff are needed under the bill, DLS notes that the bill only requires MD Labor to refer matters to OAG if MD Labor is unable to investigate. OAG may, in its discretion, choose to bring enforcement actions as a result of these referrals; however, as noted above, it is unclear whether the bill will result in a significant increase in complaints and/or investigations. To the extent that the bill does result in more enforcement activity for OAG, it may request additional resources through the annual budget process should they be needed.

Other Potential Impacts

The estimate above includes only the costs for the new positions. Other elements of the bill may also result in additional staff time and require additional expenditures. For example, MD Labor notes the following:

- the bill overrides the existing framework in several provisions of law regarding who can file a complaint (and also expands the scope of when/how complaints can be made);
 - adding a consolidated complaint process could delay time-critical inspections by certain units (*e.g.*, Maryland Occupational Safety and Health Administration) if there is an alternative complaint intake and investigation process;
 - in some cases, requirements under federal law (*e.g.*, the Workforce Innovation and Opportunity Act) set forth specific procedures for processing various types of complaints that may conflict with the processes established by the bill.
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Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Municipal League; Office of the Attorney General (Consumer Protection Division); Department of Budget and Management; Maryland Department of Labor; Office of Administrative Hearings; Department of Legislative Services

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sj/mcr

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