

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
 First Reader

Senate Bill 696
 Finance

(Senator Jackson)

Financial Institutions - Complaint Database and Analysis - Required

This bill requires the Office of Financial Regulation (OFR) within the Maryland Department of Labor to (1) create and maintain a database on its website that includes complaints filed by State residents against financial institutions for unfair, abusive, or deceptive trade practices and (2) publish a quarterly analysis of the trends in and resolutions to the complaints. The purpose of the database is to provide transparency to consumers about products, issues, or companies about which a consumer has filed a complaint.

Fiscal Summary

State Effect: Special fund expenditures increase by \$400,600 beginning in FY 2027 for staffing and one-time information technology (IT) costs. Out-year costs reflect annualization, inflation, ongoing operating and maintenance costs, and the termination of one-time costs. Revenues are not affected.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	400,600	128,200	131,900	135,700	139,400
Net Effect	(\$400,600)	(\$128,200)	(\$131,900)	(\$135,700)	(\$139,400)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The database must be: (1) updated regularly; (2) searchable by metrics that increase transparency and OFR's ability to analyze the complaints; and (3) downloadable. OFR must redact any personally identifiable information (PII) from narratives in the database.

Each complaint on the database must be written by the consumer in narrative form describing the consumers' experiences that led them to file a complaint.

Current Law: The financial services industry in Maryland is regulated by OFR and the Securities Division of the Office of the Attorney General. Under the direction and authority of the Commissioner of Financial Regulation, OFR regulates State-chartered and State-licensed financial institutions operating in Maryland. These include depository institutions such as Maryland-chartered banks, trust companies, bank holding companies, and credit unions, as well as nondepository entities such as money transmitters, check cashers, consumer lenders, sales finance companies, installment lenders, mortgage lenders, mortgage loan originators, credit services businesses, debt management services providers, debt settlement services providers, consumer reporting agencies, and collection agencies.

OFR's mission is to ensure that the citizens of Maryland are able to conduct their financial transactions through safe, sound, and well-managed institutions that comply with Maryland law, while providing a flexible, yet sound regulatory environment that promotes fair competition, encourages innovative business development, and supports the economy of Maryland. OFR supervises the activities of the financial services industry through periodic on-site examinations and off-site monitoring programs. Additionally, OFR provides assistance to consumers by investigating complaints of questionable business practices involving State-chartered, licensed, and registered financial institutions under its supervision and authority.

OFR may undertake investigatory examinations to determine whether a person has violated any law, regulation, rule, or order over which the office has jurisdiction. The office has authority to enforce the laws and regulations against individuals and entities that are licensed by OFR, as well as unlicensed persons that engage in an activity requiring licensure. OFR may suspend or revoke a license, issue a cease and desist order, and impose a fine.

Personally Identifiable Information

The bill does not define PII as it relates to the database, nor is there a definition of PII in the Financial Institutions Article that applies to the bill. *For information purposes only*, Title 10, Section 13A of the State Government Article defines PII as any information that,

taken alone or in combination with other information, enables the identification of an individual including, among other things:

- a full name;
- a Social Security, driver’s license, and/or passport number;
- geolocation data; and
- a credit card, debit card, or a financial or other account number, as specified.

State Expenditures: The bill requires OFR to create a searchable database for consumers to access the aggregated and anonymized complaint data. OFR advises that, while it regularly receives and processes consumer complaints, it does not currently have the capacity to allow consumers to view aggregated and anonymized data with existing resources.

OFR further advises that all development, maintenance, and technical work required to create and support the consumer interface is conducted by the Maryland Department of Labor’s Office of Information Technology (OIT). OFR operates on a fee-for-service model with OIT, meaning OFR is responsible for compensating OIT for all hours and resources expended on any IT project. OIT estimates that the cost to develop a consumer interface as required by the bill would be \$332,868 in fiscal 2027, and that annual maintenance costs would be approximately \$50,000. Moreover, OFR advises that it is transitioning to a new data platform within the next two to three years, and there may be additional costs associated with ensuring the new platform complies with the provisions of the bill.

OFR advises that additional staff is required to ensure that all PII is scrubbed from consumers’ complaint narratives, as required by the bill. According to OFR, it received 1,142 complaints in fiscal 2025. All IT and staffing costs for the bill are paid from the Nondepository Special Fund.

Therefore, special fund expenditures increase by \$400,634 in fiscal 2027, which accounts for the bill’s October 1, 2026 effective date. This estimate reflects the cost of hiring one Administrative Officer I to oversee the complaint database, including removing PII from complaint data, and the cost of developing and maintaining the online database. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses related to the consumer complaint data portal.

Position	1.0
Salary and Fringe Benefits	\$58,625
IT Expenses	342,009
Other Operating Expenses	<u>9,141</u>
Total FY 2027 State Expenditures	\$400,634

Future year expenditures reflect (1) full salaries with annual increases and employee turnover; (2) annual increases in ongoing operating expenses, including ongoing fee-for-service IT costs; and (3) termination of one-time IT costs.

Additional Information

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

Designated Cross File: None.

Information Source(s): Maryland Department of Labor; Department of Legislative Services

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