



HB 1255 - Labor and Employment - Automated Employment Decision Tools - Prohibition

Committee: House Economic Matters Committee

Date: March 6, 2024

Position: Unfavorable

The Maryland Bankers Association (MBA) **OPPOSES** HB 1255. This legislation prohibits employers from using automated employment decisions tools to hire applicants unless the tools undergo impact assessments to ensure that the tools would not result in discriminatory hiring practices.

Banks operating in Maryland, [as of June 30, 2022](#), employ over 26,000 people and pay approximately \$3.5 billion in annual compensation and benefits. Banks hire Marylanders not only to interact with customers, but also to ensure that bank operations flow seamlessly and that customer deposits are protected. To hire applicants who have sufficient education and skills to complete potential tasks, some banks use automated employment decision tools to identify key words on resumes and applications.

HB 1255 creates a time consuming and burdensome process for employers who use these tools. Every year, an employer's tools would be subject to an impact assessment, even if those tools already satisfied the Department of Labor's regulations and those regulations have not changed since the last assessment was conducted. In addition, the notice provided to applicants that an automated employment decision tool was used could open employers to litigation from those who were not hired. These increased compliance costs for banks operating in Maryland will ultimately result in increased costs for Marylanders to access key banking products and services.

Accordingly, MBA urges issuance of an **UNFAVORABLE** report on HB 1255.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing more than 26,000 Marylanders and holding more than \$209 billion in deposits in over 1,200 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.