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**MARYLAND DEPARTMENT OF LABOR TESTIMONY ON SB0216/HB0242**

TO: Senate Finance Committee  
FROM: Maryland Department of Labor  
DATE: 1/28/2026  
BILL: Unemployment Insurance - Confidentiality of Information

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**MDL POSITION: SUPPORT**

The Maryland Department of Labor (MD Labor) respectfully submits this testimony in support of Senate Bill 216 / House Bill 242, legislation that modernizes Maryland’s statutory framework governing the confidentiality and disclosure of unemployment insurance (“UI”) information.

**Purpose and Need for the Bill**

The goal of this bill is twofold. First, it provides MD Labor with greater latitude—consistent with federal law—to share UI data with state partners and other authorized entities that demonstrate a legitimate need for the information. Second, it strengthens privacy and data protection standards while bringing Maryland law into full compliance with federal requirements governing the confidentiality of UI information.

The Department’s Division of Unemployment Insurance (“DUI”) collects and maintains sensitive data that is of interest to a range of entities for purposes including employment verification, benefit eligibility determinations, and compliance with federal and state reporting requirements. While DUI already adheres to strict federal guidelines regarding data sharing, Maryland’s current statutory framework is fragmented and, in several respects, more restrictive than federal law requires. Additionally, Maryland law does not yet include certain provisions that federal law mandates, such as penalties for unauthorized disclosure of confidential UI information by third parties.

**Comprehensive Statutory Framework**

To address these issues, the bill amends existing law and adds new § 8-111 to the Labor and Employment Article. Section 8-111 establishes a comprehensive and cohesive framework governing:

- The confidentiality of UI information;
- The circumstances under which information must or may be disclosed;
- Safeguards and security requirements for shared data; and
- Penalties for unauthorized disclosures.

This approach replaces a piecemeal statutory structure with a clear, modern, and federally compliant system.

## **What Information Is Confidential**

Under the bill, confidential information includes any data in MD Labor’s records that reveals identifying information about a claimant or employer, or that could reasonably be combined with publicly available information to reveal such identifying information.

## **Required Disclosures**

The bill identifies disclosures that are required, including:

- Information necessary to administer the UI program, such as disclosures to claimants and employers related to claims for benefits;
- Disclosures required under federal law; and
- Disclosures mandated by State law.

## **Permissible Disclosures**

The bill also authorizes certain discretionary disclosures, provided all statutory conditions are met, and the disclosure does not interfere with the efficient administration of the UI program. These permissible disclosures include disclosures, at the Secretary’s discretion:

- To public officials for use in the performance of official duties;
- To agents or contractors of public officials for use in the performance of those official duties;
- To authorized representatives of claimants or employers;
- To elected officials performing constituent services; and
- To third parties with the informed consent of the claimant or employer.

Importantly, the bill authorizes the Secretary to make disclosures that are permitted—but not required—under federal law and that are not currently codified in Maryland statute. Federal law requires states to affirmatively authorize these

permissible disclosures in state law; Maryland currently lacks many of these provisions. This bill fills those gaps.

The Secretary may also authorize recipients of confidential UI information to redisclose that information, subject to clearly defined statutory conditions and protections.

## **Safeguards and Penalties**

The bill strengthens protections against misuse by establishing clear safeguards and security requirements that apply to all disclosed information. It also imposes penalties for unauthorized disclosure by both current and former MD Labor employees and by recipients of confidential UI data, as required under federal law.

## **Conclusion**

Senate Bill 216 / House Bill 242 brings Maryland law into full compliance with federal confidentiality requirements, enhances data protection, and increases MD Labor's ability to responsibly share UI information with state partners and other entities that have a legitimate need to access the data. By clearly delineating when information must or may be disclosed—and under what conditions—the bill supports effective program administration while safeguarding sensitive information.

For these reasons, the Maryland Department of Labor respectfully requests a **favorable report** on Senate Bill 216 / House Bill 242.

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