

**Maryland General Assembly
Department of Legislative Services**

**Proposed Regulations
Maryland Department of Labor**
(DLS Control No. 23-269)

Overview and Legal and Fiscal Impact

These regulations (1) amend definitions, timelines, and notice requirements related to the Economic Stabilization Act and (2) implement the compliance and penalty requirements of the legislative amendments to the Economic Stabilization Act.

The regulations present no legal issues of concern.

There is no fiscal impact on State or local agencies.

Regulations of COMAR Affected

Maryland Department of Labor:

Job Service: Economic Stabilization: COMAR 09.33.02.01 – .09

Legal Analysis

Background

The Economic Stabilization Act established a quick response program to provide both employers and employees with services to assist in mitigating the impact of a reduction in operations on employees. Chapters 406 and 407 of 2020 (1) altered the definitions of ‘employer’ and ‘employee’ under the Act; (2) required the Secretary of Labor, in cooperation with the Workforce Development Board, to develop mandatory guidelines for employers faced with a reduction in operations; and (3) established penalties for violations under the Act. In addition, Chapters 587 and 588 of 2021 altered definitions, thresholds, and notification requirements for employers under the Act.

According to the Maryland Department of Labor, the regulations amend the definitions, timelines, and notice requirements, and implement the compliance and penalty requirements of the 2020 and 2021 legislation mentioned above which made changes to the Economic Stabilization Act.

Summary of Regulations

The regulations establish notice requirements and guidelines for employers faced with a reduction in workforce. The regulations also apply to certain reductions in operations; an employer

must give 60 calendar days' notice prior to initiating a reduction in operations. The regulations establish guidelines for how employers facing a reduction in operations shall act in respect to employee jobs, termination, and benefits.

The regulations also require the department to make the Rapid Response Program available to eligible employers and assist employers in assisting displaced workers and planning reemployment services. To begin assistance from the department, an employer may contact the Assistant Secretary for the Division of Workforce Development and Adult Learning. The Secretary is required to contact all employers facing or planning a permanent reduction in operations and, with employer approval, partner organizations to provide whatever assistance deemed appropriate.

Finally, the regulations authorize the Secretary, or the Secretary's designee, to issue an order compelling compliance to any employer believed to have violated § 11-305 of the Labor and Employment Article and establishes the civil penalties that may be assessed for violations.

Legal Issues

The regulations present no legal issues of concern.

Statutory Authority and Legislative Intent

The department cites §§ 11-301 – 11-306 of the Labor and Employment Article and § 10-206 of the State Government Article as statutory authority for the regulations. Title 11, Subtitle 3 of the Labor and Employment Article generally establishes and implements the Economic Stabilization Act. Section 11-302 provides the limitations on the application of the Act and § 11-303 establishes the Rapid Response Program. More specifically, § 11-303(g) requires the Secretary to adopt regulations to implement the provisions of the subtitle. The remaining cited authority is not relevant to these regulations.

The relevant cited authority is correct and complete. The regulations comply with the legislative intent of the law.

Fiscal Analysis

There is no fiscal impact on State or local agencies.

Agency Estimate of Projected Fiscal Impact

The department advises that the regulations have no impact on State or local governments. The Department of Legislative Services concurs as the fiscal impact of the regulations has already been assumed in fiscal and policy notes. The fiscal and policy note for House Bill 1018 and Senate Bill 780 of 2020 (enacted as Chapters 406 and 407 of 2020) assumed general fund revenues would increase, likely minimally, from fines imposed under the Economic Stabilization Act, and that the Office of Administrative Hearings can hear cases stemming from the Act with existing resources. Additionally, the fiscal and policy note for House Bill 1018 and Senate Bill 780 of 2020 assumed

general fund expenditures would increase by approximately \$55,100 annually for reimbursement payments to the federal government (stemming from federally funded employees engaged in implementing State requirements). House Bill 1154 and Senate Bill 801 of 2021 (enacted as Chapters 587 and 588 of 2021) altered definitions, thresholds, and notification requirements under the Economic Stabilization Act, and the fiscal and policy note assumed the department could absorb the Act's requirements with existing resources.

Impact on Budget

There is no impact on the State operating or capital budget.

Agency Estimate of Projected Small Business Impact

The department advises that the regulations have minimal or no economic impact on small businesses in the State. The Department of Legislative Services concurs.

Contact Information

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