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Legislative Update

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### **New Maryland Credit Report Law Could Change Hiring Process for Employers**

On April 12, 2011, Maryland's Governor O'Malley signed legislation and approved the Job Applicant Fairness Act (HB 87). The new law, which goes into effect October 1, 2011, prohibits employers from using credit reports and credit histories of job applicants to make employment decisions. Maryland joins four other states (Hawaii, Illinois, Oregon and Washington) which have enacted similar legislation.

The Job Applicant Fairness Act states that an employer may not use an applicant or employee's credit history for the following:

- deny employment
- discharge an employee
- determine compensation or terms, conditions, or privileges of employment

Certain employers will be exempt from this new legislation. Restrictions won't apply to those employers who have a bona fide purpose for requesting or using information in a credit report/credit history if it's substantially job-related, and disclosed in writing to the applicant or employee.

If you're a Maryland employer, you should learn more and find out if you must comply with the Job Applicant Fairness Act, as it might change your current hiring process. Employers who violate the act can be subject to civil penalties by the Commissioner of Labor and Industry; a \$500 fine for the first violation, and up to \$2,500 for each additional violation.

To learn more and to access the legislation, click [here](#).