

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

Senate Bill 564
 Finance

(Senator Gile, *et al.*)

Rules and Executive Nominations

State Government - Office of the Attorney General - Data Protection

This bill establishes the Division of Data Protection within the Office of the Attorney General (OAG) to enforce specified provisions of the Commercial Law Article. The new division must include (1) a full-time Chief Counsel of Data Protection and (2) staff, including assistant Attorneys General, investigators, and administrators, as provided in the State budget. The bill also establishes the Maryland Data Privacy Implementation and Innovation Workgroup, staffed by OAG, to (1) study Maryland’s consumer data privacy framework and evaluate implementation issues, focused on specified areas (*e.g.*, data minimization, compliance challenges, etc.) and (2) make recommendations for legislative or policy changes to make technical clarifications or improvements while maintaining strong consumer protections. By January 1, 2027, the workgroup must report its recommendations to the Governor and General Assembly. **The bill takes effect July 1, 2026; the workgroup terminates June 30, 2027.**

Fiscal Summary

State Effect: General fund expenditures increase by approximately \$782,000 in FY 2027 to hire staff; out-years reflect annualization and ongoing costs. Special fund revenues likely increase, at least minimally, to the extent the bill facilitates enhanced enforcement of existing penalty provisions. OAG can staff the workgroup with existing resources until additional staff are hired under the bill.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	-	-	-	-	-
GF Expenditure	\$782,000	\$932,000	\$974,700	\$1,018,400	\$1,062,800
Net Effect	(\$782,000)	(\$932,000)	(\$974,700)	(\$1,018,400)	(\$1,062,800)

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

Local Effect: The bill does not directly affect local government finances or operations.

Small Business Effect: None.

Analysis

Bill Summary: The Division of Data Protection must investigate and bring civil actions related to “violations,” which the bill defines as a violation of the following provisions of State law:

- Title 14, Subtitle 47 of the Commercial Law Article (Maryland Online Data Privacy Act); or
- Title 14, Subtitle 48 of the Commercial Law Article (Maryland Age-Appropriate Design Code Act).

Current Law:

Maryland Online Data Privacy Act (Title 14, Subtitle 47 of the Commercial Law Article)

Chapters 454 and 455 of 2024 (the Maryland Online Data Privacy Act of 2024) establish new consumer protections and rights, as well as disclosure obligations, relating to online personal data controlled or processed by certain entities that conduct business in the State or provide services or products that are targeted to residents of the State. Violation of the Maryland Online Data Privacy Act is an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA’s civil and criminal penalty provisions.

Under the Acts, a “controller” means a person that, alone or jointly with others, determines the purpose and means of processing personal data. “Personal data” means any information that is linked (or can be reasonably linked) to an identified or identifiable consumer. Among other requirements, a controller must limit the collection of personal data to what is reasonably necessary and proportionate to provide or maintain a specific product or service requested by the consumer to whom the data pertains.

Maryland Age-Appropriate Design Code Act (Title 14, Subtitle 48 of the Commercial Law Article)

Chapters 460 and 461 of 2024 require businesses that provide an online product reasonably likely to be accessed by children to complete a data protection impact assessment of the online product. This is a systematic survey to assess compliance with the duty to act in the best interests of children. The Acts also establish numerous rules, procedures, and prohibitions related to the assessments. The impact assessment must meet certain requirements, such as identifying the purpose of the online product, identifying how the

online product uses children’s data, and determining whether the product is designed in a manner consistent with the best interests of children reasonably likely to access the product through consideration of certain factors.

The Acts also establish prohibitions that apply to businesses that provide such online products. For example, a business may not (1) process the personal data of a child in a way that is inconsistent with the best interests of children reasonably likely to access the online product; (2) profile a child by default, with limited exceptions; or (3) process personal data of a child that is not reasonably necessary to provide an online product with which the child is actively and knowingly engaged.

State Expenditures: General fund expenditures increase by \$782,025 in fiscal 2027, which accounts for a 90-day start-up delay. This estimate reflects the cost of hiring certain positions specified by the bill (one Chief Counsel of Data Protection; two assistant Attorneys General; two investigators; one technologist; and one administrator) to staff the new office. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	7.0
Salaries and Fringe Benefits	\$718,040
Operating Expenses	<u>63,985</u>
Total FY 2027 State Expenditures	\$782,025

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

To the extent existing OAG staff are already involved with enforcement actions related to the provisions of law described above, the additional positions may allow them to be reassigned to other enforcement activities, with associated operational benefits.

Expense reimbursements for workgroup members are assumed to be minimal and absorbable within existing budgeted resources.

Additional Information

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

Designated Cross File: None.

Information Source(s): Office of the Attorney General; Department of Budget and Management; Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2026
js/jkb Third Reader - April 13, 2026
Revised - Amendment(s) - April 13, 2026

Analysis by: Eric F. Pierce

Direct Inquiries to:
(410) 946-5510
(301) 970-5510