

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1146  
Economic Matters

(Delegate McCray, *et al.*)

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Labor and Employment - General Contractor Liability for Nonpayment of  
Wages

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This bill makes a general contractor jointly and severally liable for violations of the Maryland Wage Payment and Collection Law committed by subcontractors and the subcontractors' subcontractors.

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Fiscal Summary

**State Effect:** None. The State is not subject to the Wage Payment and Collection Law as an employer so the bill pertains exclusively to private-sector employers. Holding a general contractor jointly and severally liable is not expected to materially affect the workload of the District Court.

**Local Effect:** None. The bill does not apply to local governments as employers.

**Small Business Effect:** Potential meaningful. Small businesses that are general contractors are adversely affected by being jointly liable for any unpaid wages violations of the Maryland Wage Payment and Collection Law committed by subcontractors and the subcontractors' subcontractors. Small businesses that are subcontractors may see their liability for wage payment violations reduced.

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Analysis

**Current Law:** Maryland's Wage Payment and Collection Law regulates the payment of wages by employers in the State. The law requires employers to pay workers the wage promised; establish regular paydays; pay wages when due; pay employees in a specified manner; pay employees at least once every two weeks, with exceptions; furnish employees

with a statement of gross earnings; advise employees of their rate of pay and designated payday; and pay employees all wages due on termination of employment. The Department of Labor, Licensing, and Regulation's Division of Labor and Industry enforces the State's Wage Payment and Collection Law. Unless otherwise specified, the definition of "employer" in the State's Wage Payment and Collection Law does not include units of government.

Whenever it is determined that the State's Wage Payment and Collection Law has been violated, the commissioner may (1) try to resolve the violation informally through mediation; (2) ask the Office of the Attorney General to bring an action on behalf of the employee; or (3) bring an action on behalf of the employee in the county where the violation allegedly occurred.

In wage complaints amounting to \$3,000 or less, the Commissioner of Labor and Industry may review and investigate the complaint and may either issue an order requiring the employer to pay, or dismiss, the claim. Under specified circumstances, the commissioner may proceed in District Court to enforce payment of the order.

For wage complaints over \$3,000, an employee entitled to wages from an employer may – after two weeks have elapsed – bring an action against the employer in a court of competent jurisdiction to recover the unpaid wages.

If a court determines that an employer withheld an employee's wage unlawfully, and not as a result of a bona fide dispute, the court may award the employee up to three times the amount of wages owed, counsel fees, and other costs.

Employers who violate the State's Wage Payment and Collection Law are guilty of a misdemeanor and may be fined up to \$1,000.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Judiciary (Administrative Office of the Courts); Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2017  
mm/mcr

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