

May 25, 2017

The Honorable Michael E. Busch
Speaker of the House
State House
Annapolis, MD 21401

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, I have vetoed House Bill 1 – *Labor and Employment – Maryland Healthy Working Families Act*.

While all of us agree that more workers need paid sick leave in Maryland, House Bill 1 is an irresponsible piece of legislation that unfairly penalizes the hundreds of thousands of hard working men and women who own and operate small businesses in our state. This bill mandates that every employer with 15 or more employees must institute a sick and safe leave policy for employees. This is a complicated, broad, and inflexible proposal that would have a significant impact on every employer in the state. We have made great progress in improving Maryland's business climate, creating nearly 100,000 new jobs since January 2015, and moving forward, we must strike a balance between the needs of workers while not harming our small businesses.

Marylanders deserve a common sense paid sick leave policy that is fair, bipartisan, and balanced – and our administration's proposal, the Common Sense Paid Sick Leave Act of 2017 is exactly that. It requires companies with more than 50 employees to provide paid sick leave and encourages small businesses, as defined by the widely accepted federal standards, to offer paid sick leave by providing tax incentives to offset the costs of providing those additional benefits. Our bill applies a uniform standard for all 24 jurisdictions and balances paid sick leave benefits that had the potential to cover nearly all working Marylanders without placing an unmanageable burden on job creators.

Conversely, House Bill 1 is not a compromise bill, but rather a worse version of a bill that failed to pass the Democratic controlled legislature on four previous occasions. This is an example of political opportunism at its worst and the results will harm, not help Marylanders. Under this proposal, the state will determine the specific procedures that businesses must follow or be found in violation of the law, which carries with it heavy civil penalties. This approach does not allow for flexibility or take into account the specific needs and structure of Maryland businesses today.

Further, the requirements for seasonal employers were hastily developed and do not address the true needs of seasonal workers and employers.

The application of the sick and safe leave policy in the bill is overly broad and too ambiguous for effective and reasonable compliance and enforcement. Despite what certain Maryland legislators clearly believe, every business in Maryland is not the same. Different sick leave standards are needed across various industries (i.e. restaurant industry, tipped employees, certain health care workers, non-profit and government grant recipients, etc.). For example, the employee calculation to determine if the employer is required to provide sick leave includes all employees, even those not eligible for sick leave benefits. Employees have to “regularly” work at least 12 hours per week and employee hours are based on a “normal” work week. “Regularly” and “normal” are undefined and overly ambiguous terms that will further complicate compliance.

These are just a few of the problems regarding the application of your sick and safe leave proposal. The complexities of tracking sick leave accrual and use is also an unnecessary burden for Maryland businesses. Employees accrue leave at different rates, can use the leave at different intervals, and the law allows for complex shift trading and modified schedule allowances. Maryland businesses need a common sense approach to affording valuable sick leave benefits to their workers and House Bill 1 does not provide this.

In addition, employers face unfair enforcement measures for actual and presumed violations. The employer is presumed to be in violation of the law if they somehow fail to keep sick and safe leave records for three years. These same employers also face extensive, burdensome and sometimes unknown damages for violations. An employer can be ordered to pay actual economic damages to an employee in addition to the monetary value of unpaid sick and safe leave. A court has overly broad discretion to award damages in a civil action including an award of three times the value of unpaid sick and safe leave. A court can also order punitive damages in any amount to be determined by the court, as well as any other relief that the court deems appropriate.

Further and perhaps most egregiously, workers may legally be required to provide a reason and be forced to verify that reason to access their sick and safe leave. For example, if a person is suffering from a sensitive medical issue, they could be forced to divulge this personal and/or protected information to their employer.

I remain committed to continuing to improve Maryland’s business climate and preventing hardworking Marylanders from having to make difficult choices about their health and welfare. A balanced, fair, and common sense approach to paid sick leave benefits that are flexible for the employee and the employer are an important

step in continuing to foster a more business–friendly climate in the state. This legislation does not get us there.

Fortunately, as drafted, House Bill 1 would not take effect until January 1, 2018. This gives both the Senate and the House the ability to work with our administration on a bipartisan proposal next session that would finally provide the employees and employers of our state with the benefits and protections they so clearly need and deserve. I view this as not the end of this discussion on this issue, but just the beginning.

We owe it to the citizens of our state to work together on this important issue, to compromise, and find the right balance between providing benefits and protecting our hardworking citizens. We can and we must find this balance. I am respectfully calling on both you and President Mike Miller to join with our administration in that effort.

For these reasons, I have vetoed House Bill 1.

Sincerely,

Lawrence J. Hogan, Jr.
Governor