



LEGISLATIVE POSITION:

Favorable

Senate Bill 119

Wage Payment and Collection - Order to Pay Wages

Senate Finance Committee

Thursday, January 23, 2020

Dear Chairwoman Kelley and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 4,500 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees and families. Part of that work includes maintaining a balance in the relationship between employees and employers within the State through the establishment of policies that promote fairness and ease restrictive burdens.

Senate Bill 119 increases the threshold for which the Commissioner of Labor and Industry may issue a final order to pay unpaid wages. The bill increases that threshold from \$3,000 to \$5,000.

In the State of Maryland, employees presently have two options to recover unpaid wages: a civil suit, or a complaint to the Commissioner's office for amounts up to \$3,000. Should an employee choose to file a complaint, the Commissioner's Employment Standards Service (ESS) unit investigates whether work was performed without payment. If ESS determines that work was performed without payment, the Commissioner may issue a final order to the employer to pay the earned wages.

This process occurs at no cost to the involved parties, and the Maryland Department of Labor collects no fees, deductions or charges in determining whether work was performed without payment. In FY2019, ESS investigated 1,079 complaints and returned \$961,601 to unpaid workers.

The statute establishing this process was enacted in 2010 and did not set forth a mechanism for adjusting the threshold to consider rising wages and/or inflation. Increasing the threshold from \$3,000 to \$5,000 would allow the Department to keep pace with evolving economic and market conditions, and it will provide more employees with this option to recover unpaid wages.

For these reasons, the Maryland Chamber of Commerce respectfully requests a **Favorable Report** on Senate Bill 119.