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Finance Committee
Chair, Rules Committee

Joint Committees

Children, Youth, and Families
Ending Homelessness
Fair Practices and State Personnel Oversight
Management of Public Funds

Chair, Prince George's County
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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony of Senator Joanne C. Benson

**SB 641: Maryland Wage and Hour Law and Maryland Wage Payment
and Collection Law – Revisions
(Maryland Wage Protection Act)**

Good afternoon Madam Chair and esteemed members of the Finance Committee. Last year, the General Assembly took the bold and necessary step of increasing Maryland's minimum wage to \$15 per hour. We raised the wage to ensure that our Marylanders could afford the basic necessities— housing, food, healthcare – and even save some of their earnings so they can retire with dignity. But what good is it to raise the minimum wage if workers aren't being paid what they're legally due?

Wage theft is when employers fail to pay their employees the minimum wage, overtime, and other wages they have earned. Wage theft is a pervasive problem in Maryland. Every year, in our state alone, 580,000 workers experience wage theft – they are cheated out of a cumulative \$875 million in gross earnings.¹ And the workers who are most heavily impacted are low-wage workers, workers of color, and working women.

Statistics show that 32.8% of Latino employees in low-wage industries have experienced minimum wage violations, while 77.6% have experienced overtime violations. African American workers are also 3 times as likely as their white counterparts to be improperly denied payment of the minimum wage. Across the board, women are more likely than men to face wage theft. However, businesses suffer too – the majority of businesses that are actually paying employees in accordance with the law find themselves underbid and undercut by those who cut corners.

With Senate Bill 641: Maryland Wage Protection Act, we have the opportunity to address this critical problem. Senate Bill 641 will close loopholes that will:

- Protect employees from retaliation so that victims of wage theft can enforce their right to be paid without fear of being fired, losing hours, or being threatened
- Promote transparency by requiring that paystubs contain information that properly demonstrates how their pay was calculated
- Prohibit employers from misclassifying employees as independent contractors

The Maryland Wage Protection Act builds upon our current wage law and closes loopholes in the law that a minority of unscrupulous employers exploit, to the detriment of their workers and their competitors. You'll hear from my panel on exactly how the process unfolds. And you'll

¹ <https://populardemocracy.org/sites/default/files/MD%20Pay%20Stub-web.pdf>

also hear about the impact this bill will have on low-wage workers – people like Ms. Williams, a home health aide who worked around the clock, only to be denied her overtime wages and then be fired when her colleagues tried to stand up for her and themselves. Please keep Ms. Williams’s story in mind when you consider this bill. She, like so many other Marylanders, work hard long hours to put food on the table and a roof over her head. For people like her, it’s not enough that we simply raise the minimum wage or create a right to an overtime premium. We must provide the tools to enforce those rights – so that our state’s wage protections don’t just exist on paper but actually put money in working people’s pockets.

I also want to note that we are currently drafting some technical amendments on paystub transparency portion that my panelists will further expound on.

Our goal is to protect our hard working Marylanders and their families. Senate Bill 641 will not impose any significant burdens to business who abide by the existing law. This bill is simply designed to weed out the bad apples- those who are taking advantage of the little people and trying to silence their voice to their fair pay.

Thus, I respectfully urge the committee to protect our workers and give a favorable report for Senate Bill 641.