



Bill No: SB 486-- Employment Standards During an Emergency
(Maryland Essential Worker Protection Act)

Committee: Finance

Date: 2/11/2021

Position: Oppose

The Apartment and Office Building Association of Metropolitan Washington (AOBA) opposes SB 486 as unduly burdensome on the rental housing and commercial real estate industry as well as related businesses. AOBA's members own or manage more than 23 million square feet of commercial office space and more than 133,000 rental units in Maryland. AOBA also represents landscapers, exterminators and janitorial firms as associate members.

This bill would create several new employer mandates that come at significant costs including: (1) \$3 per hour in hazard pay dating back to the start of a state of emergency; (2) financial assistance for unreimbursed health care costs to each essential worker who becomes sick or is injured if the sickness or injury is related to the emergency; (3) a new leave program requiring at least 3 days of bereavement leave and 14 days of health leave; and (4) allowing employees the right to refuse to work.

AOBA members have gone above and beyond to ensure that they provide working conditions that reduce harm and ensure physical safety for employees. From changing staffing schedules to limit exposure, procuring personal protection equipment (PPE), increased sanitation regimes and modifying the physical building structure, AOBA members have invested heavily in providing a safe work environment.

The bill designates employees of lodging, building and property maintenance companies and the related businesses that AOBA represents, as essential employees at a time when the State refuses to acknowledge and prioritize these same employees' status as essential for purposes of receiving the COVID-19 vaccine. As noted, property management companies and commercial building owners worked tirelessly and invested hundreds of thousands of dollars into procuring PPE, modifying HVAC systems and other upgrades to increase employees' ability to safely conduct their work during

the COVID-19 pandemic. These costs will not be reimbursed and were necessitated during a period when rent income is drastically reduced.

Allowing essential employees to refuse work creates serious concerns for an employer. In the case of rental housing, if a building maintenance professional decides they do not feel comfortable entering a residential building to remediate a mold issue or other health and safety violation, the housing provider is subject to fines and penalties and the resident is required to live in hazardous conditions. While the bill allows employees to work at their discretion it does not detail any mechanism for employers to address abuse of this policy or to seek verification.

Further, retroactively applying hazard pay of \$3 per hour to staff will have a devastating impact on property management companies and the companies that serve commercial real estate. AOBA members were very deliberate in taking steps to ensure they did not reduce their workforce; they have made many concessions to keep their employees working and paid during the pandemic. However, requiring employers to pay a minimum hazard pay of \$3 per hour dating back to early March may force struggling businesses, who did their best for their employees, to permanently close shop. Additionally, a requirement that employers reimburse for co-pays would add a significant financial burden to employers when they can ill afford additional costs. The bill does not require an employee to prove that they became sick at work. In practice, these provisions serve to punish employers that fought to keep their full staff employed. If SB 486 passes, these provisions may incentivize employers to reduce staff to barest requirements in future emergencies.

Finally, the retroactivity of hazard pay would jeopardize all reporting and quarterly financial statements housing providers submitted to their lenders. Revenue projections that have been submitted to lenders will also be inaccurate because of new mandates in SB 486. Ultimately, housing providers would need to file revised tax returns as their revenue and earnings would be drastically different once personnel expenses increase dramatically.

For these reasons AOBA urges an unfavorable report on SB 486.

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