

February 9, 2021

TO: Maryland Senate Finance Committee

RE: SB 486 – Labor and Employment – Employment Standards During and Emergency

RE: Opposition Testimony to Legislation

FROM: Jeffrey Brainard, 4009 Red Stag. Ct., Ellicott City, MD 21043

Thank you for allowing my written testimony to be submitted with respect to my strong opposition to SB486 as being considered by the Senate Finance Committee and HB 581 being considered by the House Economic Matters Committee. With respect to my strong opposition to SB 486:

This bill in its current form, if passed, would create irreparable harm to thousands of Marylanders and countless businesses. Throughout the COVID-19 pandemic, Maryland has led through responsible restrictions, economic strength and with the recent passage of the Relief Act, the creation of hope that Maryland and the rest of the country will soon emerge from this nightmare. SB 486 would not only kill any hope provided by the Relief Act, it would double-down and punish businesses already struggling to survive.

In its intent to assist essential workers, the cost burdens on the businesses that have already extended themselves without adequate relief from the State or Federal government, would be permanently damaged. Retroactive pay during a time when revenues are at historic lows and cost increases from new operating methods, PPE, coverage costs and labor expense due to providing services despite high sick time usage, etc. would force hundreds of businesses to close. This loss of jobs would further set back the state from a loss of income from business, income sales and occupancy taxes and further burden an already underfunded and overstressed unemployment system. The personal loss from small, medium and even large business would be extraordinary.

The additional vacation requirement, paid with no accrual, offset, etc. would further harm businesses and the workers they support by continuing to force overtime pay on top of the burden of hazard pay while carrying excessive balance sheet obligations. Many small and medium size businesses would see any aid received from the State not only used up just from this bill, but if forced to go back more than 12-months, would see a 4-5x burden in expenses on top of any aid received. The State would literally give with one hand and take away that aid plus with the other.

I have worked in hospitality in the region and lived in Maryland for 20 years, soon to be 21. I have personally experienced significant swings in our business due to outside factors – 9-11, SARS, 2008-11 recession, etc. but nothing has come close to the impact of COVID-19. I have watched as hundreds of team members, friends and family members lost their jobs as restrictions prevented travel, gatherings or even eating indoors. Permanent closures of restaurants, hotels, catering halls, social organizations and more impacting thousands of hospitality workers alone have left families struggling and franchisers and small business owners alike having dreams crushed and financial futures destroyed.

Hospitality is an interesting business. Just because a building says Marriott or Hilton doesn't make it a multi-billion dollar entity. More than 75% of hotels are franchised, owned by individuals or small groups, some by REITs and all pay significant fees to the companies whose names are on the side of the buildings and to other companies that operate them. Margins in these businesses are not high and in restaurants are far lower. Six out of every 10 hospitality employee nationally is out of work with limited prospects in the next 90-days for business to return. If this bill passes, not only will these team members not have an opportunity to return in the next few months, thousands of others will join them as the sustainability of their supporting businesses will die.

As essential workers, those designated by the state as places of accommodation, food and transportation workers, first responders, etc., we all understand that without our efforts more people would suffer. We also understand that there are less of us than there were and we are all doing more individually but that is why we do what we do.

As leaders in business, we identify ways to take care of our team members. We WANT to have as many people working as possible so that less of those we love suffer a loss of income, an increase in stress, or the anxiety that comes with not knowing where rent or food money will come from. It isn't about hazard pay or time away, it is about bringing people back to work, restarting our businesses, welcoming guests and taking care of each other that is important. All of our businesses have adapted to take care of our team members, modify working conditions and focus on the mental health of our team.

If the State wants to reward workers, that is terrific, but do it in a way that isn't burdening struggling businesses. The best way to reward essential or any worker is to provide work. Safely reduce restrictions, speed the distribution of vaccines, encourage travel, support innovative ways to jump start our economy so that people see their families happy, their futures secured and hope restored.

Limiting benefits to a few at the cost of many is not the purpose of government and not the mission of business. Help us do what we love which is taking care of our teams and our guests. It is essential that the Senate Finance Committee kill this legislation and look to the framework of the Relief Act to not just provide aid, but provide job, opportunity and hope.

As Iris Murdoch noted, "No good would come of all these fine intentions."