



MARYLAND
Chamber of Commerce

LEGISLATIVE POSITION:

UNFAVORABLE

House Bill 385

Wage Payment and Collection - Pay Stubs and Pay Statements - Required Information

House Economic Matters Committee

Wednesday, January 31, 2024

Dear Chair Wilson and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce (the Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic growth and recovery for Maryland businesses, employees, and families.

House Bill 385 requires that pay stubs and pay statements include the following information written on the pay stub or statement: employer's name, address and phone number, the dates of work covered by the pay period, the number of hours worked, the rates of pay, the gross and net pay earned, the amount and purpose of all deductions, a description of the information used by the employer to calculate the employees gross and net pay, and for each employee paid at a piece rate, the applicable rate and number of pieces.

Many businesses use a third-party payroll provider to process payroll. Employers are limited by the capabilities of their chosen payroll provider. In instances where the payroll provider cannot include the information laid out in HB 385, an employer would either be found in violation of this law or would be forced to hire a new provider (depending on when their contract ends with their current payroll provider) that has the capabilities to include this increased information. There is also concern over the impact HB 385 will have on small businesses who do not or cannot afford to use third party payroll companies. It will be burdensome to those small businesses, especially when calculating commission-based employee's paychecks.

Furthermore, if the employer fails to provide any of the information listed in HB 385, it allows the Attorney General **or** an employee to bring an action against the employer. If the employer is found in violation, the employer could be subject up to \$5,000 of liquidated damages, reasonable attorney's fees, and injunctive relief. The private right of action further opens Maryland's small businesses to additional liability that would add yet another degree of uncertainty in already turbulent times.

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House Bill 385 will adversely impact small businesses and cause unnecessary burdens on businesses who do not have nor need the capabilities that larger companies have when handling pay stubs and pay statements.

For these reasons, the Chamber respectfully requests an **unfavorable report** on HB 385.

