## HB385 - PJC - Fav - with attachments.pdf Uploaded by: David Rodwin

Position: FAV



David Rodwin Public Justice Center 201 North Charles Street, Suite 1200 Baltimore, Maryland 21201 410-625-9409, ext. 249 rodwind@publicjustice.org

### HB385: Wage Payment & Collection - Pay Stubs & Pay Statements - Required Information

### Hearing before the House Economic Matters Committee, Jan. 31, 2024

### **Position: FAVORABLE**

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Workplace Justice Project works to expand and enforce the right of low-wage workers to receive an honest day's pay for an honest day's work. The PJC supports HB385, which will ensure that employee paystubs show the basic information—such as pay rates, hours worked, deductions, and dates of the pay period—that most employers already provide and that workers need to understand how their pay was calculated.

The problem:

- Workers can't get ahead if their paystubs don't allow them to understand if they were paid correctly. Most employers follow the law. But wage theft holds back thousands of Maryland workers. Although it hurts workers across all races, Black, brown, and other workers of color are especially likely to face it. Unfortunately, some bad actors cheat employees out of their earned wages by masking their illegal conduct with confusing or insufficient paystubs—or by not providing *any* paystub at all. For example, an employer might lump together all compensation on a paystub, making it nearly impossible for an employee to figure out their wage rate or see whether they are paid correctly for overtime work.
- **Current Maryland law is failing Maryland's workers.** Right now, Maryland law requires only that paystubs include (1) gross earnings and (2) deductions. That does not give workers enough information to determine if they've been paid correctly. Moreover, the law does not provide any remedy if the employer fails to provide even that very basic information. Many other states—from Alaska to California to Texas to New Mexico and beyond—provide much stronger paystub transparency protections than Maryland.<sup>1</sup>
- The check to the right is a real-life example of the problem. All it shows is \$1,000 for "work." No paystub was attached. Even though it does not show "gross earnings" or "deductions," current law does not give the worker any way to get even that limited information. Without more information, a worker cannot understand whether they've been paid correctly.



<sup>&</sup>lt;sup>1</sup> Center for Popular Democracy, Combatting Wage Theft, 2016, at page 6, available at

<sup>&</sup>lt;u>https://populardemocracy.org/sites/default/files/MD%20Pay%20Stub-web.pdf</u>. More jurisdictions – including Virginia and Washington, D.C. – have bolstered their paystub transparency protections since this 2016 publication. A chart from the 2016 report is attached to this testimony.

- The lack of paystub transparency fuels the misclassification of employees as independent contractors also known as "workplace fraud"—and tackling that issue is a priority for Governor Moore, Comptroller Lierman, and Attorney General Brown. Some employers confuse their employees by misclassifying them as independent contractors, paying them less than what they're owed. Just weeks ago, Governor Moore issued an executive order establishing a task force to combat this harmful practice. As the Governor's press release noted, "Workplace fraud deprives workers of basic protections such as rights to minimum wage and overtime pay, health insurance coverage, and access to unemployment benefits. Businesses may also be put at a disadvantage when competitors misclassify workers. As a result, required taxes may be unpaid, which lowers state revenue and impacts funding to pay for critical public services."<sup>2</sup> As Gov. Moore noted, ending misclassification is "an important step toward a more equitable, competitive, and prosperous economy that lifts all Marylanders." HB385 will help end misclassification by helping workers understand whether their employer has classified them as an employee or as an independent contractor.
- HB385 would advance the recommendations in DLS's just-releaseed evaluation of Maryland's Worker Classification Protection Unit (WCPU). That evaluation<sup>3</sup> makes clear that while the problem of workplace fraud persists, the WCPU has—until recently—not been an effective advocate for workers. HB385 would help workers better understand their employment classification and challenge it when they have been misclassified.

### HB385's solution:

- The bill has two parts.
  - *First*, it sets out what must go on paystubs, including the dates of work covered by the pay period, number of hours worked, rate of pay, and the amount and purpose of all deductions. The vast majority of law-abiding employers already provide this information on paystubs.
  - Second, it creates a remedy when paystubs do not show the required information. It allows workers to file a complaint with the Maryland Department of Labor, or in court, if paystubs do not meet the requirements, and receive a small amount of money as compensation. No one will get rich pursuing paystub violations; rather, the goal is to improve the conduct of employers that are hiding their wage theft.
- HB385 is short and simple—and it won't change anything for 95% of employers. It is much shorter and simpler than bills introduced in previous sessions that included paystub transparency. For example, 2020's SB641/HB1097 was 14 pages long and included provisions on retaliation, among other things. This year's bill focuses just on what must go on the paystub and how to enforce those requirements.
- The bill is very similar to legislation Virginia passed in 2020, which is now law (see VA Code Ann. § 40.1-29.C).
- The provisions for reasonable attorneys' fees—necessary to make sure the law is actually enforced—match Maryland's wage laws, such as the Wage and Hour Law.
- The PJC supports the bill's sponsor amendments.

For the foregoing reasons, the PJC **SUPPORTS HB385** and urges a **FAVORABLE** report. Should you have any questions, please call David Rodwin at 410-625-9409 ext. 249.

<sup>&</sup>lt;sup>2</sup> <u>https://governor.maryland.gov/news/press/pages/governor-moore-issues-executive-order-establishing-</u>

<sup>&</sup>lt;u>crossgovernmental-task-force-to-combat-workplace-fraud.aspx</u> The press release is also attached to this testimony. <sup>3</sup> <u>https://dls.maryland.gov/pubs/prod/ProgEval/EvaloftheWorkerClassificationProtectionUnit.pdf</u>

## The chart below is from 2016 -- since then, more states (including Virginia) have expanded paystub transparency requirements.

### **COMPARISON OF PAYSTUB REQUIREMENTS**

Many states—including many states with weaker worker protections than Maryland—have paystub requirements that go beyond Maryland's and more effectively encourage compliance and deter wage theft.

| State         | Gross wages           | Deductions            | Hours<br>worked | Rate(s)of<br>pay      | Net pay     | Employer<br>information | Dates in pay<br>period |
|---------------|-----------------------|-----------------------|-----------------|-----------------------|-------------|-------------------------|------------------------|
| Alaska        | <ul> <li>✓</li> </ul> | ~                     | ~               | <ul> <li>✓</li> </ul> | ~           |                         | ~                      |
| California    | <ul> <li>✓</li> </ul> | ~                     | ~               | <ul> <li>✓</li> </ul> | <b>~</b>    | <ul> <li>✓</li> </ul>   | ~                      |
| Colorado      | <ul> <li>✓</li> </ul> | ~                     |                 |                       | <b>&gt;</b> | <ul> <li>✓</li> </ul>   | ~                      |
| Delaware      | <ul> <li>✓</li> </ul> | ~                     | ~               |                       |             |                         | ~                      |
| Hawaii        | <ul> <li>✓</li> </ul> | ~                     | ~               | <ul> <li>✓</li> </ul> | <b>~</b>    | <ul> <li>✓</li> </ul>   | ~                      |
| Massachusetts |                       | ~                     | ~               | <ul> <li>✓</li> </ul> |             | <ul> <li>✓</li> </ul>   |                        |
| Maryland      | <ul> <li>✓</li> </ul> | ~                     |                 |                       |             |                         |                        |
| Maine         | <ul> <li>✓</li> </ul> | ~                     | ~               |                       |             |                         | ~                      |
| Minnesota     | ~                     | ~                     | ~               | <ul> <li>✓</li> </ul> | ~           | <ul> <li>✓</li> </ul>   | ~                      |
| New Mexico    | <ul> <li>✓</li> </ul> | ~                     | ~               |                       |             | <ul> <li>✓</li> </ul>   |                        |
| Nevada        | <ul> <li>✓</li> </ul> | ~                     | ~               |                       | <b>&gt;</b> |                         |                        |
| New York      | <ul> <li>✓</li> </ul> | <ul> <li>✓</li> </ul> | ~               | <ul> <li>✓</li> </ul> | ~           | <ul> <li>✓</li> </ul>   | ~                      |
| Pennsylvania  | <ul> <li>✓</li> </ul> | <ul> <li>✓</li> </ul> | ~               | <ul> <li>✓</li> </ul> | ~           |                         |                        |
| Texas         | <ul> <li>✓</li> </ul> | <ul> <li>✓</li> </ul> | ~               | <ul> <li>✓</li> </ul> | <b>~</b>    |                         |                        |
| Vermont       | <ul> <li>✓</li> </ul> | <ul> <li>✓</li> </ul> | ~               | <ul> <li>✓</li> </ul> |             |                         |                        |
| Washington    | <ul> <li>✓</li> </ul> | <ul> <li>✓</li> </ul> | ~               | <ul> <li>✓</li> </ul> |             |                         | ~                      |

Sources: Alaska Admin. Code tit. 8, § 15.160, subd. (h)., Cal. Lab. Code § 226, subd. (a)., Colo. Rev. Stat. Ann. § 8-4-103, subd. (4)., Del. Code Ann. tit. 19, § 1108., Haw. Rev. Stat. Ann. § 387-6, subd. (c)., Mass. Gen. Laws Ann. ch. 149, § 148. Requires employer name but not address or phone number., Me. Rev. Stat. tit. 26, § 665., Minn. Stat. Ann. § 181.032, subd. (b). Requires employer's legal name and operating name (if different) but not address or phone number., N.M. Stat. Ann. § 50-4-2, subd. (B). Requires paystubs to identify the employer; does not specify address and phone., Nev. Rev. Stat. Ann. § 608.115., NY. Lab. Law § 195, subd. (3)., Pa. Code § 231.36., Tex. Labor Code Ann. § 62.003, subd. (b)., Vt. Admin. Code 13-1-101:6., Wash. Admin. Code 296-126-040.



Search



☆ / News / Press Releases / Governor Moore Iss...

## Governor Moore Issues Executive Order Establishing Cross-Governmental Task Force to Combat Workplace Fraud

Published: 1/11/2024

**ANNAPOLIS, MD** — Governor Wes Moore this week signed an <u>executive order</u> to renew and expand a crossgovernmental task force dedicated to strengthening investigations and enforcement of laws regarding workplace fraud. The nine-member Joint Enforcement Task Force on Workplace Fraud, chaired by Maryland Department of Labor Secretary Portia Wu, includes Maryland Attorney General Anthony G. Brown and Comptroller Brooke E. Lierman.

"We will never tolerate the exploitation of Maryland workers," **said Gov. Moore.** "This order will help ensure that employees receive the pay and benefits they've earned while driving fair competition in the private sector. Today, we take an important step toward a more equitable, competitive, and prosperous economy that lifts all Marylanders."

<u>Workplace fraud</u> deprives workers of basic protections such as rights to minimum wage and overtime pay, health insurance coverage, and access to unemployment benefits. Businesses may also be put at a disadvantage when competitors misclassify workers. As a result, required taxes may be unpaid, which lowers state revenue and impacts funding to pay for critical public services.

"Companies that hire workers and misclassify them to circumvent our tax and labor laws are committing serious fraud that erodes basic rights and benefits, saddles workers with an undue financial burden, and undermines the economic well-being of our state," **said Comptroller Brooke E. Lierman.** "This executive order expands our ability to share information, coordinate resources, and investigate suspected workplace fraud to protect Marylanders and their families. We should all stand against this form of egregious theft. I thank Governor Moore for prioritizing this issue and I look forward to working as a partner in this initiative to build a stronger and fairer Maryland."

As outlined in the executive order, the task force will collaborate to share information and data across agencies and drive strategic and effective enforcement. It will identify industries where workplace fraud is more prevalent and focus efforts to address the problem, including stronger outreach to businesses and workers. The task force will also make

"I commend Governor Moore's work to combat workplace fraud and protect Maryland workers and their families," **said Attorney General Anthony G. Brown.** "The reestablishment of the Joint Enforcement Task Force on Workplace Fraud is an important effort, along with our work with the Department of Labor to improve and enhance the role of my office and our resources to advance this critical priority. I look forward to continuing our work with the administration to ensure the relationship between Maryland employers and their employees remains fair and equitable."

The task force will advance the Moore-Miller Administration's efforts to make Maryland a fair and equitable place to work and do business. <u>Studies have shown</u> that workers of color, immigrants, young workers and those in low-wage employment are most at risk for exploitation, including misclassification and wage theft.

"This is a win for both businesses and workers," **said Maryland Department of Labor Secretary Portia Wu**. "Employees need to be classified correctly and paid fairly, and this keeps our businesses on a level-playing field in the competitive

# HB 385 - Wage Payment and Collection - Pay Stubs a Uploaded by: Donna Edwards

Position: FAV



**MARYLAND STATE & D.C. AFL-CIO** 

AFFILIATED WITH NATIONAL AFL-CIO

7 School Street • Annapolis, Maryland 21401-2096 Balto. (410) 269-1940 • Fax (410) 280-2956

President

Donna S. Edwards

Secretary-Treasurer Gerald W. Jackson

HB 385 - Wage Payment and Collection - Pay Stubs and Pay Statements - Required Information House Economic Matters Committee January 29, 2024

### **SUPPORT**

### Donna S. Edwards President Maryland State and DC AFL-CIO

Chairman and members of the Committee, thank you for the opportunity to provide testimony in support of HB 385. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 300,000 union members in the state of Maryland, I offer the following comments.

We applaud HB 385 for promoting pay transparency and worker protections by requiring that pay stubs include common and essential information for all workers. There is nothing extraordinary in the information in HB 385 to be given to the employee. In fact, arguably the employer has all this information written down if they are accurately paying their employees and maintaining payroll information as required by law.

Maryland currently only requires that pay stubs include gross earnings and deductions. This is not enough information for a worker to know whether they have been properly compensated for their work. HB 385 requires: the employer's name, address, and telephone number, the number of hours worked, the rates of pay, and the amount and purpose of deductions, among others. The requirements of HB 385 will mean that workers and the state have the tools and information they need to help fight against wage theft.

**paystub memo.pdf** Uploaded by: Jeffrie Long Position: FAV

JEFFRIE E. LONG, JR. Legislative District 27B Calvert and Prince George's Counties

Environment and Transportation Committee



The Maryland House of Delegates 6 Bladen Street, Room 225 Annapolis, Maryland 21401 410-841-3398 · 301-858-3398 800-492-7122 Ext. 3398 jeffrie.long@house.state.md.us

### THE MARYLAND HOUSE OF DELEGATES Annapolis, Maryland 21401

January 31, 2024

Good afternoon, Chair Wilson, Vice Chair Crosby, and members of the Economic Matters Committee.

I am Delegate Jeffrie Long, pleased to present to you HB385. This bill would strengthen Maryland's paystub requirements so that workers know why and what they were paid.

Most employers follow the law. However, a minority of employers pay workers less than the law requires. They hide that underpayment by giving workers paystubs that do not show their pay rate, hours worked, or even the pay period dates. Nationwide, this kind of wage theft costs workers as much as \$50 billion annually. However, the actual cost is difficult to quantify because many workers do not realize they are victims of wage theft or do not report it. It is challenging to track wage theft in Maryland, where our current law requires only that paystubs show "gross earnings and deductions." Maryland's current law is inadequate for two key reasons: (1) it does not require nearly enough information for workers to be able to verify that they are being paid correctly, and (2) if an employer does not even provide "gross earnings and deductions," the law does not allow any remedy, making even that minimum requirement unenforceable and meaningless.

HB385 would fix both of these problems. First, it would require paystubs to include the common-sense information that 95 percent of employers already provide workers:

- The employer's name and contact information
- The dates of work covered by the paystub
- The number of hours worked
- The rates of pay
- The amount and purpose of any deductions

Including this information on paystubs is not a burden for employers because they already have to track it to calculate their employees' pay. Most employers already provide this information on their paystubs even though they are not required to. This bill focuses on the minority employers who take advantage of Maryland's fragile paystub requirements to underpay their workers. Focusing on these employers helps most employers already provide this information by leveling the playing field.

When a paystub does not provide this basic information, HB385 would require workers to file a complaint with the Maryland Department of Labor or in court. We have been working closely with the Maryland Department of Labor, and I have sponsored amendments here that incorporate

the administrative process they requested. If a worker brings the violation to court, a modest penalty of \$100 per week doesn't meet the requirements, up to a maximum of \$5,000. No one is getting rich off this bill – it's just to create an incentive for the minority of employers who aren't already providing this information to provide it.

HB385 is a simple solution to help ensure workers get paid what they're owed. Many other states—including California, Delaware, Massachusetts, Minnesota, New York, Pennsylvania, Texas, Virginia, and Washington—already have paystub requirements that are much more robust than what Maryland currently requires. We're behind the curve, and HB385 will catch us up.

I appreciate your consideration of this much-needed legislation. I hope HB385 earns a favorable report.

###

BaltimoreCounty\_FAV\_HB0385.pdf Uploaded by: John Olszewski Position: FAV



JOHN A. OLSZEWSKI, JR. County Executive

JENNIFER AIOSA Director of Government Affairs

AMANDA KONTZ CARR Legislative Officer

> WILLIAM J. THORNE Legislative Associate

| BILL NO.: | HB 385 |
|-----------|--------|
|-----------|--------|

TITLE:Wage Payment and Collection - Pay Stubs and Pay Statements<br/>- Required Information

SPONSOR: Delegate J. Long

- COMMITTEE: Economic Matters
- POSITION: Support
- DATE: January 31, 2024

Baltimore County **SUPPORTS** House Bill 385 – Wage Payment and Collection - Pay Stubs and Pay Statements – Required Information. This legislation would require employers to expand the information provided to employees on paystubs

Currently, Maryland's Wage Payment and Collection Law requires employers to include gross earnings and deductions on paystubs. In other states, employers are also required to disclose the number of hours worked, the rate of pay, and employer information, among other information. House Bill 385 would bring Maryland in line with other states by requiring that paystubs include the dates of work covered by the pay period, number of hours worked, rate of pay, and the amount and purpose of all deductions. Without such information, workers may not be able to determine whether they were paid or classified correctly.

By requiring greater transparency regarding paystub requirements, the state can help ensure that workers are paid and classified correctly. Further, this legislation would allow workers to file a complaint with the Maryland Department of Labor, or in court, if paystubs do not include the required information, and receive compensation.

Accordingly, Baltimore County requests a **FAVORABLE** report on HB 385 from the House Economic Matters Committee. For more information, please contact Jenn Aiosa, Director of Government Affairs, at jaiosa@baltimorecountymd.gov.

# HB 385\_MD Center on Economic Policy\_FAV.pdf Uploaded by: Kali Schumitz

Position: FAV



## For a Healthy Economy, Strengthen Marylanders' Rights in the Workplace

### **Position Statement in Support of House Bill 385**

### Given before the House Economic Matters Committee

Strong legal protections for workers are an essential tool to steer our economy along a healthy growth path that delivers broadly shared prosperity. Maryland has made important advances in recent years by protecting workers' right to earn paid sick days and take time off for a serious illness or major life event, and by raising the minimum wage to \$15 per hour. However, our current labor laws do not guarantee workers the information they need to effectively exercise their rights. This undermines the effectiveness of Maryland's existing worker protections, hurting all working people and especially heightening barriers that hold back many women and workers of color. **The Maryland Center on Economic Policy supports House Bill 385**, which would strengthen the transparency standards that make other worker protections meaningful.

House Bill 385 requires employers to provide the following basic information on workers' regular pay stubs:

- The employer's legal name, address, and telephone number
- The dates of the covered pay period
- The number of hours worked during the pay period, for a non-exempt employee
- The worker's hourly, annual, or other wage/salary, or piece rate if applicable
- Gross pay, net pay, and the amount and purpose of any deductions
- A description of the information used to calculate the worker's pay

This is the bare minimum information workers need to verify that they are being paid appropriately, and to take legal action if not – just as employers universally require mechanisms to verify that workers are performing their duties. Moreover, employers must have this basic information readily available in order to calculate pay.

Nationwide, wage theft – including minimum wage violations, overtime violations, off-the-clock work, and other forms of illegal underpayment – rivals or exceeds the value of all other forms of theft, according to multiple credible estimates. While limited data on wage theft exist (partly because of inadequate enforcement), a 2017 analysis found that minimum wage violations alone add up to about \$15 billion per year nationwide, more than the sum of robberies, burglaries, larcenies, and motor vehicle thefts.<sup>i</sup>

We should measure the health of our economy not simply by the number of dollars exchanged or the number of people who go to work each day, but by its ability to raise all families' standard of living. Yet our economy has largely moved in the opposite direction over the last half century, as typical workers saw little improvement in their

wages despite explosive growth for the wealthiest 1%.<sup>ii</sup> Basic standards push against this negative trend, helping to ensure that everyone shares in the benefits of a growing economy—and these standards are meaningful only if workers have the information they need to exercise their rights.

## For these reasons, the Maryland Center on Economic Policy respectfully requests that the House Economic Matters Committee make a favorable report on House Bill 385.

### Equity Impact Analysis: House Bill 385

### Bill summary

House Bill 385 requires employers to provide the following basic information on workers' regular pay stubs:

- The employer's legal name, address, and telephone number
- The dates of the covered pay period
- The number of hours worked during the pay period, for a non-exempt employee
- The worker's hourly, annual, or other wage/salary, or piece rate if applicable
- Gross pay, net pay, and the amount and purpose of any deductions
- A description of the information used to calculate the worker's pay

### Background

Nationwide, wage theft – including minimum wage violations, overtime violations, off-the-clock work, and other forms of illegal underpayment – rivals or exceeds the value of all other forms of theft, according to multiple credible estimates. While limited data on wage theft exist (partly because of inadequate enforcement), a 2017 analysis found that minimum wage violations alone add up to about \$15 billion per year nationwide, more than the sum of robberies, burglaries, larcenies, and motor vehicle thefts.

### Equity Implications

Current labor law provides especially weak protections to part-time workers, low-wage workers, and tipped workers. These weaknesses heighten economic roadblocks facing many workers who already face obstacles in the labor market. For example, 60% of tipped workers in Maryland are women, and workers of color are more likely than their white counterparts to work for low wages.

House Bill 385 would reduce barriers facing these workers by making it easier for them to enforce their existing rights.

#### Impact

House Bill 385 would likely improve racial, gender, immigration, and economic equity in Maryland.

<sup>&</sup>lt;sup>i</sup> David Cooper and Teresa Kroeger, "Employers Steal Billions from Workers' Paychecks Each Year," Economic Policy Institute, 2017, <u>https://www.epi.org/publication/employers-steal-billions-from-workers-paychecks-each-year/</u>

<sup>&</sup>lt;sup>11</sup> Christopher Meyer, "What a \$15 Minimum Wage Would Mean for Maryland: Good Jobs, Secure Families, and a Healthy Economy," Maryland Center on Economic Policy, 2018, <u>http://www.mdeconomy.org/wp-content/uploads/2018/02/MDCEP\_FF15\_report-2.pdf</u>

## UFCW 400 Favorable Written Testimony on HB 385 - P Uploaded by: Kayla Mock

Position: FAV





A voice for working people in Maryland, Virginia, Washington, D.C., West Virginia, Ohio, Kentucky & Tennessee

### Testimony in Support of HB 385 Paystub Transparency

January 29, 2024

## To: The Honorable C.T. Wilson, Chair, and members of the House Economic Matters Committee

From: Kayla Mock, Political & Legislative Director United Food and Commercial Workers Union Local 400

Chair Wilson and members of the Economic Matters Committee:

I appreciate the opportunity to share my testimony on behalf of our over 10,000 members in Maryland, who have worked the frontlines and have been essential employees in grocery, retail, food distribution, law enforcement, and health care. Through collective bargaining, our members have raised the workplace standards of wages, benefits, safety, and retirement for all workers.

### We strongly support HB 385 and urge you to vote it favorably.

Too often, our members receive pay statements that do not show their pay rates, their hours of work, deductions, or even the dates of the pay period. Unlike many other states, Maryland does not create any way for workers to correct this problem.

The lack of information on paystubs is a way to hide wage theft. Without basic information about rates, hours, and dates, there is no way for a worker to check to make sure they were paid correctly. Many of our members continue to face this problem. The resulting wage theft makes it harder for them to provide a middle-class life for themselves and their families.

This bill is a simple and common-sense way to fix the problem of employers hiding wage theft with confusing pay statements. Most employers already put this basic information on pay statements – it is not too much to ask for all employers to provide that same information.

For these reasons, and more, we urge a favorable report on HB 385.

HB 385\_MAP\_FAV.pdf Uploaded by: Mark Huffman Position: FAV



### **Member Agencies:**

211 Maryland Anne Arundel County Food Bank Baltimore Jewish Council Behavioral Health System Baltimore CASH Campaign of Maryland **Energy Advocates** Episcopal Diocese of Maryland Family League of Baltimore Fuel Fund of Maryland Job Opportunities Task Force Laurel Advocacy & Referral Services, Inc. League of Women Voters of Maryland Loyola University Maryland Maryland Center on Economic Policy Maryland Community Action Partnership Maryland Family Network Maryland Food Bank Maryland Hunger Solutions Paul's Place St. Vincent de Paul of Baltimore Welfare Advocates Marylanders Against Poverty

Mark Huffman, Co-Chair P: (301) 776-0442 x1033 E: <u>MHuffman@laureladvocacy.org</u>

### **TESTIMONY IN SUPPORT OF HB 385**

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

House Economic Matters Committee January 31, 2024

### Submitted by Mark Huffman, Co-Chair

Marylanders Against Poverty (MAP) supports HB 385, which would require employers to provide basic information regarding information on the paystubs distributed to employee. This simple change in current practice would ensure that all workers, including low-wage workers, receive proper payment and would help to root out unscrupulous employers.

HB 385 would help to combat wage theft and in doing so help low-wage workers to move out of poverty. Wage theft is the unlawful failure by employer to pay employees what they have earned and is unfortunately widespread. It is one of many unfair employment practices that prevent those who are working and still struggling to make ends meet from moving out of poverty. In fact, <u>one national study</u> estimates that low-wage employees forego \$15 billion per year in earnings due to employers' failure to pay minimum wage, overtime, or other legally required wages. When workers already struggling to make ends meet are cheated out of a portion of their paychecks that can be the difference between paying for rent or heat and water or medicine.

HB 385 would, at a minimum, help employees know if and when they have been victims of wage theft by requiring employers to provide paystubs including the dates of work covered by the pay period, number of hours worked, rate of pay, and the amount and purpose of all deductions. The vast majority of law-abiding employers already provide this information on paystubs. In addition, HB 385 includes basic enforcement mechanisms to hold unscrupulous employers accountable.

HB 385 is an important first step in addressing wage theft and does so without imposing significant burdens on employers. Employers should already be keeping the information that the legislation requires and using it to calculate wages. HB 385 simply requires the employers to disclose that information to employees, at negligible extra cost. Indeed HB 385 benefits law-abiding employers by encouraging similar compliance among their competitors who are willing to cheat their employees to save costs, thus levelling the playing field.

#### MAP appreciates your consideration and urges a favorable report on HB 385.

**Marylanders Against Poverty (MAP)** is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.

## Written Testimony HB 385 – Paystub Transparency.pd Uploaded by: Matthew Girardi

Position: FAV

### Amalgamated Transit Union Local 689

2701 Whitney Place, Forestville, Maryland 20747-3457 Telephone: 301-568-6899 Facsimile: 301-568-0692 www.atulocal689.org



Raymond N. Jackson President & Business Agent Keith M. Bullock Financial Secretary Treasurer Barry D. Wilson Recording Secretary Romoan C. Bruce First Vice President Theus R. Jones Second Vice President

### Statement of the Amalgamated Transit Union (ATU) Local 689

HB 385– Maryland Metro Funding Act of 2024 January 31st, 2024

## TO: The Honorable C. T. Wilson and Members of the Economic Matters Committee FROM: Matthew Girardi, Political & Communications Director, ATU Local 689

ATU Local 689 supports HB 385 and urges the House Economic Matters Committee to issue a favorable report. This bill is a necessary measure for ensuring that all workers in the state of Maryland get their hard-earned wages and have effective recourse when they do not.

At Local 689, we represent over 15,000 transit workers and retirees throughout the Washington DC Metro Area performing many skilled transportation crafts for the Washington Metropolitan Area Transit Authority (WMATA), MetroAccess, DASH, and DC Streetcar among others. Our union helped turn low-wage, exploitative transit jobs into transit careers. We became an engine for the middle-class of this region.

It is from this struggle that we know that wage theft is too common and painful for working class people across the state of Maryland. Workers even today receive pay stubs that do not detail their pay rates, hours of work, clear deductions taken, or even the pay period itself. Too often, these are also workers who are especially vulnerable, including immigrants, young people, and non-native or non-fluent English speakers.

Unfortunately, Maryland currently stands as an outlier in that it does not have a mechanism through which these workers can fix their incomplete pay stubs. Let us be clear: these omissions from pay stubs are often intentional and are vehicles for wage theft. After all, without complete information about their compensation, workers will not be able to ascertain whether their employer was stealing their wages illegally. It must end.

In order for working class people to get ahead, they must be given a fair shot. This bill does that in a simple and common-sense way. In short, it fixes the problem of employers hiding wage theft with confusing or incomplete pay statements. After all, most employers already put this basic information on pay statements. Standardizing the practice by law and giving all workers the peace of mind (and compensation) they earned is the moral and logical thing to do.

We thank Delegates Long, Boafo, Amprey, Charkoudian, Feldmark, Fennell, Harris, Hill, Kaufman, Martinez, Roberson, Simmons, Taveras, Terrasa, Turner, Valderrama, Wells, Wilkins, Williams, and Woods for introducing this measure and urge the committee to issue a favorable report.

**Testimony in support of HB0385.pdf** Uploaded by: Richard KAP Kaplowitz Position: FAV

HB0385\_Richard Kaplowitz\_FAVORABLE

1/31/2024

Richard Keith Kaplowitz Frederick, MD 21703

### **TESTIMONY ON HB#0385 - FAVORABLE**

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

**TO**: Chair Wilson, Vice Chair Crosby, and members of Economic Matters Committee **FROM**: Richard Keith Kaplowitz

My name is Richard Keith Kaplowitz. I am a resident of District 3. I am submitting this testimony in support of HB#0385, Wage Payment and Collection - Pay Stubs and Pay Statements - Required Information

My Jewish faith teaches that there are Jewish Ethics that govern the relationships between employers and employees. HB#0136 closely mirrors that ethical framework in creating a climate of moral treatment that governs labor relations.

In the article "Jewish Employee-Employer Relations" (<u>https://www.myjewishlearning.com/article/jewish-employee-employer-relations/</u>) the dimensions of employer's conduct is discussed.

While making certain demands on workers, the bulk of Jewish labor law imposes obligations on employers. This emphasis on the responsibilities of employers reflects an understanding of the essential power imbalance between employers and employees, as well as an internalization of the Exodus narrative. Often cited within discussions of labor law is the biblical verse, "they are my servants" (Leviticus 25:43), understood by the rabbis to imply "and not servants to servants." The experience of slavery and redemption instills within the lawmakers a wariness about any situation in which one person might, de facto, become the servant of another.

The essence of the proposed bill is to create an environment in which employer conduct towards employees includes giving them a more complete picture of the work they are doing and how they are compensated for it. During my time working in food service as a tipped employee I had an employer where I had to calculate how my credit tips were being applied to the tip credit being claimed by my employer to ensure that the totals earning were minimum wage.

HB0385 is a common-sense application of regulations on how we treat the imbalance created when an employer does not fully inform their employee in a pay stub of all the earnings and deductions and how they were applied. It enforces the ability of the employee to ensure they are being compensated fairly and correctly. I respectfully urge this committee to return a favorable report on HB0385.

## SB38\_HB385 Bill Support Letter.pdf Uploaded by: Rochelle Ramsey-Walker

Position: FAV



District Council No. 51 4700 Boston Way Lanham, MD 20706 (301) 918-0182 (301) 918-3177 Fax

### **ONE VOICE**

Representing: Protective and Decorative **Coatings Applicators** Painters Decorators Wall Coverers **Drywall Finishers** Glaziers Architectural Metal Workers Glass Workers **Civil Service Workers** Shipyard Workers Maintenance Workers Metal Polishers Metalizers Bridge Painters Riggers Tank Painters Marine Painters **Containment Workers** Lead Abatement Workers Sand Blasters Water Blasters Sign Painters Paint Makers

### **ONE AGENDA**

| Unions |
|--------|
| 1      |
| 368    |
| 474    |
| 890    |
| 963    |
| 1100   |
| 1846   |
| 1937   |
| 1997   |
| 2351   |
|        |

Over 100 Years Serving Maryland Virginia Washington, DC

### INTERNATIONAL UNION OF PAINTERS AND ALLIED TRADES, AFL-CIO DISTRICT COUNCIL NO. 51

January 29, 2024

To Whom it May Concern:

I am writing on behalf of IUPAT DC51 in support of SB38 and HB385. IUPAT DC51 represents a diverse group of workers in Maryland, including painters, drywall finishers, glaziers, and allied trades. Our one of many objectives is to expose bad contractors who utilize bad faith practices for personal gain, often targeting undocumented communities, with these illegal schemes ultimately damaging the labor industry. Through our worker outreach initiatives, we've encountered a significant number of workers in Maryland who are affected by wage theft.

Wage theft is a pervasive problem for workers within construction industries. Many of them receive pay statements that lack crucial information such as their pay rates, hours of work, deductions, and even the dates of the pay period. Unlike many other states, Maryland does not provide any mechanism for workers to address this issue; understanding that with the absence of essential information on paystubs, in the end, serves as a tool to conceal wage theft.

This year, we are starting to highlight an active federal investigation that took place in Baltimore County, including another case that exemplifies the issues we are facing: Green Lime Cleaning LLC, a residential and commercial cleaning business operating in Baltimore, Maryland, consisting of nine employees who collectively decided to fight for their rights; a Wage and Hour Division Case #1980633, with total back wages owed as of today in the amount of \$6,477.89, with two additional workers waiting to be contacted. This is just a couple of cases out of many that the DC51 Organizing Department is currently assisting on. It is important to note that both the worker and assigned investigator, as well as unions, often find it challenging to make an accurate estimate of the proper back-owed wages.

Without basic details about rates, hours, and dates, workers have no means to verify if they were paid correctly. This problem persists for many, resulting in wage theft that hinders their ability to provide a middle-class life for themselves and their families. At various times, non-union employees have sought our guidance in determining their proper wages because their pay stubs are unclear. This demonstrates the ongoing problems in this area and the urgent need for stronger worker protection.



District Council No. 51 4700 Boston Way Lanham, MD 20706 (301) 918-0182 (301) 918-3177 Fax

### **ONE VOICE**

Representing: Protective and Decorative **Coatings Applicators** Painters Decorators Wall Coverers **Drywall Finishers** Glaziers Architectural Metal Workers **Glass Workers Civil Service Workers** Shipyard Workers Maintenance Workers Metal Polishers Metalizers **Bridge Painters** Riggers Tank Painters Marine Painters **Containment Workers** Lead Abatement Workers Sand Blasters Water Blasters Sign Painters Paint Makers

### **ONE AGENDA**

| Affiliated Local | Unions |
|------------------|--------|
| Local Union      | 1      |
| Local Union      | 368    |
| Local Union      | 474    |
| Local Union      | 890    |
| Local Union      | 963    |
| Local Union      | 1100   |
| Local Union      | 1846   |
| Local Union      | 1937   |
| Local Union      | 1997   |
| Local Union      | 2351   |
|                  |        |

Over 100 Years Serving Maryland Virginia Washington, DC

### INTERNATIONAL UNION OF PAINTERS AND ALLIED TRADES, AFL-CIO DISTRICT COUNCIL NO. 51

January 29, 2024

The proposed bill offers a simple and common-sense solution to address the problem of employers hiding wage theft through confusing pay statements. With most employers currently including the basic information on pay statements, it seems to be in the reasonable capacity of all employers to provide the same level of transparency. Therefore, on behalf of IUPAT DC51 and the nine employees of Green Lime Cleaning LLC, we strongly urge you to support SB38 and HB385, that provides strong and affective language to help mitigate the issue of wage theft under the proposed bill, protecting the rights and livelihoods of workers in Maryland, including the members of IUPAT DC51.

Sincerely,

Herbert Zaldivar Business Development Director IUPAT DC 51

# EASRCC testimony\_ HB385\_SB38\_FAVORABLE.pdf Uploaded by: Roger Manno

Position: FAV





8500 Pennsylvania Avenue, Upper Marlboro, MD 20772 | Phone: 301-735-6660 | EASCARPENTERS.ORG

### TESTIMONY

### SB38 / HB385 - Wage Payment and Collection - Pay Stubs and Pay Statements -Required Information FAVORABLE

Dear Chair Griffith and honorable members of the Senate Finance Committee:

On behalf of the Eastern Atlantic States Council of Carpenters (EASRCC), representing 42,000 members throughout the region, I write today to express our support for SB38 / HB385 - Wage Payment and Collection - Pay Stubs and Pay Statements - Required Information, and to ask for a favorable report.

As you may be aware, the Joint Audit and Evaluation Committee recently instructed the Office of Program Evaluation and Government Accountability to conduct an evaluation of the Worker Classification Protection Unit (WCPU) of the Maryland Department of Labor. Among the issues found, the Maryland Department of Labor, Licensing and Regulation, has one field inspector for the entire state of Maryland, which explains the exorbitant wage theft, UI Insurance fraud, Workers Comp fraud, misclassification, and other payroll violations uncovered, that can be attributable to both the structure of the state agency, and the inadequacy of the state statutes as means to enforce these practices.

This legislation addresses the statutory inadequacy with respect to the lack of information on paystubs as a way to facilitate wage theft, resulting in greater difficulties for our members in being able to provide middle-class-sustaining wages for their families.

For these reasons, we ask for a favorable report.

Sincerely,

Mungu Sanchez

## **240129\_HB0385\_ Wage Payment and Collection - Pay S** Uploaded by: Sonny Holding

Position: FAV

DAVID TRONE 6TH DISTRICT, MARYLAND APPROPRIATIONS COMMITTEE BUDGET COMMITTEE JOINT ECONOMIC COMMITTEE



January 29, 2024

The Honorable C. T. Wilson Chair, Economic Matters Committee Room 231, House Office Building Annapolis, Maryland 21401 The Honorable Brian M. Crosby Vice Chair, Economic Matters Committee Room 231, House Office Building Annapolis, Maryland 21401

Dear Chair Wilson and Vice Chair Crosby,

I would like to express my full support for *House Bill 385 - Wage Payment and Collection - Pay Stubs* and Pay Statements - Required Information.

Wage theft is one of, if not the most challenging obstacles that many of the workers in Maryland, especially those in the Building Trades industry, face every single day. There is an estimated \$60 million in wage theft yearly in Maryland and tactics can vary - they can look as simple as not paying the minimum wage, prevailing wage, or overtime, or as complicated as misclassifying workers based on the type of work they complete during their shifts.

There is no question that those who engage in wage theft are stealing money from the pockets of their employees and/or contractors. Period. However, this issue is far more widespread in Maryland than it should be, and this is a problem that needs to be corrected immediately for the sake of all Marylanders.

HB385 will require that the earnings statement provided to employees by employers be written on the physical pay stub or online pay statement and include the following important pieces of information: employer's name, 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. These additional pieces of information will provide clarity for employees when it comes to their paychecks and allow them to keep better track of the monies being paid to them, as well as the deductions to their pay.

Adding in a layer of transparency mandated by law to every employer in Maryland is a very important first step to combatting wage theft. By forcing employers to "show their work" and shining a light in a gray area that bad actors like to get criminally creative in, Marylanders will be better protected against having their hard earned money stolen from them without their knowledge.

For these reasons, I strongly urge this committee to give *House Bill 385 - Wage Payment and Collection* - Pay Stubs and Pay Statements - Required Information the highest consideration.

Sincerely,

h

David Trone Member of Congress

# HB 385 Victoria Leonard LiUNA (SUPPORT) (1).pdf Uploaded by: Victoria Leonard

Position: FAV



January 31, 2024

The Honorable CT Wilson, Chair The Honorable Brian Crosby, Vice Chair House Economic Matters Committee House Office Building Room 231 Annapolis, Maryland 21401

### HB 385: Wage and Payment Collection - Pay Stubs and Pay Statements - Required Information Position - Support

Thank you Chair Wilson and Vice Chair Crosby and members of the House Economic Matters Committee for the opportunity to submit written testimony in support of HB 385.

My name is Victoria Leonard, Political and Legislative Director for the Baltimore-Washington area of the Philadelphia/Baltimore/Washington Laborers' District Council (PBWLDC), an affiliate of the Laborers' International Union of North America (LiUNA). The PBWLDC represents more than 13,000 members. Our members are proudly employed on many infrastructure construction projects across the region. Nationwide, LiUNA represents more than 500,000 members.

LiUNA supports HB 385. Maryland currently only requires employers to furnish or provide a statement with details of an employee's pay information. There's no requirement for the pay statement to be in writing or issued as paper pay stubs.

It is time for Maryland to adopt a more rigorous standard. Doing so will protect and better inform employees, and help them identify if they are being paid correctly. Improving employees' access to pay information should also help deter employer wage theft.

Specifically, HB 385 would create more transparency by requiring that employee earnings be written on a physical pay stub or online pay statement. The written or online statement would have to include the employer's name, 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 employee's gross and net pay, and for each employee paid at a piece rate, the applicable rate and number of pieces. HB 385 would also create a private right of action for employees who do not receive written or online pay statements that include all the appropriate information.

HB 385 will help improve workers' access to important information related to their pay, and we urge the committee to issue a favorable report.

**Testimony on HB 385.pdf** Uploaded by: William Steinwedel Position: FAV





### House Bill 385 In the Economic Matters Committee – Wage Payment and Collection – Pay Stubs and Pay Statements – Required Information Hearing on January 31, 2024 Position: FAVORABLE

Maryland Legal Aid (MLA) submits its written and oral testimony on HB 385 in response to a request from Delegate Long.

Maryland Legal Aid (MLA) is the largest non-profit law firm in the State of Maryland and represents low-income individuals in wage theft cases through its administrative law unit and its migrant farmworkers project. HB 385 would require that employers include additional information on their pay advices provided to their workers such as: dates of work covered by the pay period, number of hours worked, rate of pay, and the amount and purpose of all deductions. It would also allow workers to file either an administrative complaint with the Department of Labor or a lawsuit against employers that do not provide this information to their workers.

Currently, Maryland law only requires that pay advices include gross earnings and deductions. Some employers use this lack of a disclosure requirement as a way to cheat employees out of their earned wages. For example, an employer may lump together all of their compensation on a pay advice, making it nearly impossible for an employee to figure out their wage rate or if they are being paid correctly, especially for overtime.

During my years of practice, I have seen several real-life examples of how the lack of information can be used as a mechanism to deny workers their rightly-earned wages. I have worked on several cases in the past where the owners of a company set up several LLCs for several of the companies that they owned, and used different LLCs to pay different workers. This causes confusion for the worker to know who is paying them and who they are really working for, and can make it difficult for workers to make sure that they are being paid the correct amount for the work that they are doing. HB 385 would make it much more clear to workers who they were working for in a given period and how much they were owed.

In addition, I have experience in a case where workers with limited English were placed in a situation where the contractor set up a structure where the workers were not his workers, but the workers of a subcontractor. Then, when the workers were not paid, the contractor and the subcontractor said the other was responsible for the wages and the payroll, and the workers were unsure which person they were supposed to go to with their pay issues. HB 385 would make it easier for immigrant workers to know who was supposed to be paying them, what they were being paid for, and if they received the compensation that they were entitled to.

Finally, there is a great deal of abuse in the hospitality and restaurant industry in regard to overtime and compensation because these workers, due to tips, can be paid less than the minimum





wage. Years ago, I worked on a lawsuit against restaurant where the owner of the restaurant was stealing the workers tips without their knowledge. By being forced to disclose to workers what they earned by category, HB 385 would take steps toward alleviating the problem of wage theft in the restaurant and hospitality industry.

Because HB 385 requires employers to provide more information as to how and how much they are being paid, MLA urges a favorable report on HB 385. If you need additional information in regards to this bill, please contact William Steinwedel at <u>wsteinwedel@mdlab.org</u> and (410) 951-7643.

<u>/s/William F. Steinwedel</u> William F. Steinwedel Supervising Attorney, Foreclosure Legal Assistance Project Maryland Legal Aid Bureau

## HB0385-ECM\_MACo\_OPP.pdf Uploaded by: Brianna January

Position: UNF



### House Bill 385

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

MACo Position: OPPOSE

To: Economic Matters Committee

Date: January 31, 2024

From: Brianna January

The Maryland Association of Counties (MACo) **OPPOSES** HB 385. This bill seeks to require a series of additional information to be included on employee pay stubs and, in doing so, would force many county governments (and others) to reprogram or purchase new human resources (HR) software to come into compliance with the bill's detailed mandates.

Most of the required information required by HB 385 is basic information about employees and wage calculations that county governments already provide to the thousands of county workers each pay period. Counties take no issue with providing this information; in fact, they want county employees to understand their pay and the various deductions and withholdings factored into wage calculation. Counties fully support financial literacy and wage education for public servants.

However, counties have serious concerns about a vague requirement in the bill to provide on paystubs "a description of the information used by the employer to calculate the employee's gross and net pay," as written on lines 17-18 of page 2 of the bill draft. It is unclear what is required by this proposal and could be interpreted in several ways, including providing the mathematical calculations for gross and net pay, or providing a written statement about how gross and net pay were calculated.

County HR software and systems cannot provide this information on paystubs under either interpretation. County HR departments would, in many cases, be forced to reprogram and/or purchase software to accommodate this requirement. This would ultimately be a significant expense to solve a problem that, for county governments, largely does not exist.

Maryland counties have historically opposed measures that would complicate HR processes and procedures and increase county expenses. HB 385 would be an unnecessary and costly mandate for counties, and for these reasons, MACo **OPPOSES HB 385** and urges an **UNFAVORABLE** report.

# HB 385\_MDCC\_Wage Payment and Collection - Pay Stub Uploaded by: Hannah Allen

Position: UNF



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.

MDCHAMBER.ORG 60 West Street, Suite 100, Annapolis 21401 | 410-269-0642

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 <u>unfavorable report</u> on HB 385.

## ABC\_UNFAV\_HB0385.pdf Uploaded by: Martin Kraska

Position: UNF



Maryland Joint Legislative Committee

#### The Voice of Merit Construction

Mike Henderson President Greater Baltimore Chapter mhenderson@abcbaltimore.org

Chris Garvey President & CEO Chesapeake Shores Chapter cgarvey@abc-chesapeake.org

Dan Bond CAE President & CEO Metro Washington Chapter dbond@abcmetrowashington.org

Amos McCoy President & CEO Cumberland Valley Chapter amos@abccvc.com

Tricia Baldwin Chairman Joint Legislative Committee tbaldwin@reliablecontracting.com

Marcus Jackson Director of Government Affairs Metro Washington Chapter mjackson@abcmetrowashington.org

Martin "MJ" Kraska Government Affairs Director Chesapeake Shores Chapter mkraska @abc-chesapeake.org

Additional representation by: Harris Jones & Malone, LLC

6901 Muirkirk Meadows Drive Suite F Beltsville, MD 20705 (T) (301) 595-9711 (F) (301) 595-9718 House Economics Matters Committee Associated Builders & Contractors HB 385 - Wage Payment and Collection - Pay Stubs and Pay Statements -Required Information

January 31, 2024

Position: Unfavorable

To:

RE:

From:

Associated Builders and Contractors (ABC) represent more than 1500 construction and construction-related companies through its four Maryland chapters. Our members believe in the tenets of free enterprise, investing in their workforce and giving back to the communities in which they live, work and play.

House Bill 385 expands information that an employer must give to an employee for each pay period. If an employer fails to provide the information required under the bill, an employee or the Attorney General may bring an action against the employer. Under specified conditions, the court may order injunctive relief, liquidated damages of \$100 for each workweek in which the violation occurred, up to \$5,000, and reasonable counsel fees and costs.

ABC is opposed to HB 385, while we understand the intention behind the bill to enhance transparency in the employer-employee relationship, we believe that the proposed expansion of information requirements imposes an undue burden on businesses, particularly those in the construction industry. Requiring additional details for each pay period creates administrative complexities, leading to increased costs for employers. Small and medium-sized businesses, already grappling with various challenges, may find it challenging to comply with these expanded reporting obligations.

Moreover, the provision allowing employees or the Attorney General to bring legal action against an employer may inadvertently encourage frivolous lawsuits, placing an unnecessary strain on the legal system. This may lead to an influx of cases that could be resolved through alternative, less burdensome means. The prescribed penalties, including injunctive relief, liquidated damages, and counsel fees, seem disproportionate and may act as a deterrent to entrepreneurship. Imposing a maximum penalty of \$5,000 per violation, along with additional costs, could disproportionately impact smaller construction businesses and hinder their ability to remain competitive in the market.

ABC appreciates your consideration and, for these reasons, respectfully requests a **unfavorable** report on House Bill 385.

Martin "MJ" Kraska Government Affairs Director Chesapeake Shores Chapter

## HB385\_RestaurantAssoc\_Thompson\_UNFAVORABLE.pdf Uploaded by: Melvin Thompson

Position: UNF



### House Bill 385

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

January 31, 2024

### **POSITION:** Oppose

Mr. Chairman and Members of the Economic Matters Committee:

The *Restaurant Association of Maryland* opposes House Bill 385. Maryland law and the federal Fair Labor Standards Act already require employers to keep certain pay records on file for three years, and most of the pertinent information specified in this bill is already included on pay stubs provided by payroll services.

Employers must keep records containing identifying information about employees, pay rate, pay period, amount paid each pay period, pay date, hours worked, basis on which wages are paid, allowances or deductions, overtime hours/earnings, and any other required information. At time of hiring, Maryland employers must provide new employees with notice of the employee's pay rate, regular pay dates and any leave benefits. Employers with tipped employees must also provide notification and specific information regarding use of the tip credit. Maryland law also requires employers to provide employees with a statement of gross earnings and deductions for each pay period.

We are concerned that information specified in the bill, such as "the amount and purpose of all deductions," "a description of the information used by the employer to calculate the employee's gross and net pay," and other requirements would create challenges for employers and payroll services to redesign standard wage/pay records to comply with the specific requirements outlined. We also have concerns about the bill language regarding private right of action, liquidated damages, and counsel fees and costs, which we believe will encourage complaints by unscrupulous individuals seeking to take advantage of such provisions.

For these reasons, we oppose this legislation as currently drafted.

Sincerely,

Mahie R. home

Melvin R. Thompson Senior Vice President

## HB385 - Wage Payment and Collection - Pay Stubs an Uploaded by: Brooke Lierman

Position: INFO



### Letter of Information on HB385

### Wage Payment and Collection - Pay Stubs and Pay Statements - Required Information Economic Matters Committee - January 31, 2024

As a former lead sponsor of this legislation and now the head of an agency that depends on revenue from accurate paystubs, I am happy to offer the following information on HB385.

### What this bill does

- This legislation expands the records that an employer is required to keep and produce for each pay period to include:
  - o employer's name
  - o dates of work covered by the pay period
  - o number of hours worked
  - o rates of pay
  - o gross and net pay earned
  - o amount and purpose of all deductions
  - $\circ~$  a description of the information used by the employer to calculate the employee's gross and net pay
- If employers fail to deliver the above, this legislation provides that:
  - An employee or Attorney General may sue the employer to recover
    - liquidated damages of \$100 for each workweek in which the violations occurred, up to \$5,000;
    - reasonable counsel fees and other costs.

### Why this bill matters.

0

- As Delegate, I sponsored a similar bill to provide workers with the information necessary to ensure employers are being straight with them, paying what they are owed consistent with their employment agreement, and ensuring their actions are consistent with the law.
- As Comptroller, I can confirm that this legislation will assist our agency with auditing withholding taxes, as paystubs and more-detailed payroll information will be readily available if this bill becomes law. The Compliance Division anticipates these requirements will improve investigations into withholding tax matters related to possible worker misclassification and could help serve as a deterrent to that continued activity.

Brooke Lierman Comptroller of Maryland

