



**MARYLAND
LEGAL AID**

Advancing
**Human Rights and
Justice for All**

**Senate Bill 38
Wage Payment and Collection Pay Stubs and Pay Statements - Required Information
Hearing February 1, 2024
Finance Committee
Position: FAVORABLE**

Maryland Legal Aid (MLA) submits its written and oral testimony on SB 38 in response to a request from Senator Washington.

Maryland Legal Aid (MLA) is the largest non-profit law firm in the State of Maryland. Our clients are low-income and hourly wage workers that frequently experience and report wage theft. We also see this problem in our Migrant Farmworkers Project. SB 38 would require employers to include specific and clear information on paystubs provided to their employees. The bill will ensure that workers understand how their pay was calculated, the true legal name of their employer, the dates of work covered by the wages, and for the first time, the amount and purpose of all deductions from pay.

Currently, Maryland law only requires vague information on paystubs. Employers must report gross earnings and deductions. Most employers in the State choose to provide extensive information on paystubs. Some employers, however, use the current law's lack of specificity in disclosure requirements as a way to cheat and mislead employees out of their earned wages. For example, an employer with subsidiary or multiple identities may lump all of their compensation together under one name, making it impossible for an employee to figure out their wage rate, and whether they are being paid correctly. Workers who are truly employees, and not independent contractors, face difficulty obtaining —worker's compensation, unemployment, and other employee-based benefits. In these cases, unscrupulous employers also avoid paying proper premiums to the Maryland State Government. SB 38 would ensure that wage paystubs provide clarity relating to hours of employment, pay rates and deductions, and that neither employees nor the state or federal government are misled about the identity of the employer, amounts of pay and actual deductions. Wage theft is prevalent throughout the United States. See <https://www.cbsnews.com/news/owed-employers-face-little-accountability-for-wage-theft/> With SB 38 Maryland would take an important step in combatting the problem.

Workers should be able to see their paycheck and paystub, who they were working for in a given period and how much they are owed. MLA urges a favorable report on SB 38. Please contact me if you need additional information.

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