



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of SB38 Wage Payment and Collection – Pay Stubs and Pay
Statements – Required Information**

Wage theft is an issue across the nation, which costs workers as much as \$50 billion a year.¹ The true cost is difficult to calculate due to many workers either not reporting it, or not knowing that it is occurring to them. It is especially difficult 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.

To address the concerns mentioned above I am introducing SB38, which would strengthen Maryland’s paystub requirements so that workers know why they were paid and what they were paid. SB38 would fix both problems. First, it would require paystubs to include the information that most 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, and the amount and purpose of any deductions. Including this information on paystubs is not a burden for employers because they already must 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 is just focused on the minority of employers that take advantage of Maryland’s very weak paystub requirements to underpay their workers. By focusing just on these employers, it helps most employers who are already providing this information by leveling the playing field.

When a paystub does not provide this basic information, SB38 would 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 asked for. If a worker brings the violation to court, there’s a modest penalty of \$100 per week that doesn’t meet the requirements, up to a maximum of \$5,000. The fine is an incentive for the minority of employers who are not already providing this information to provide it.

SB38 is a simple solution that would help make sure 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

¹ Economic Policy Institute, *Wage Theft Costs American Workers as Much as \$50 Billion a Year*, September 11, 2014, <https://www.epi.org/press/wage-theft-costs-american-workers-50-billion/>.

much stronger than what Maryland currently requires.² The proposed bill will allow us to catch up to the aforementioned states.

For these reasons, I respectfully request a favorable report on SB 38.

² Center for Popular Democracy, *Combatting Wage Theft with the Maryland Paystub Transparency Act of 2016*, at page 6, <https://populardemocracy.org/sites/default/files/MD%20Pay%20Stub-web.pdf>.