

HOUSE BILL 571

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CF SB 485

By: **Delegates Qi, Boafu, Fennell, Foley, A. Johnson, Kaufman, Lehman, Patterson, Pruski, Simmons, Taveras, and Wu**

Introduced and read first time: January 24, 2024

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 29, 2024

CHAPTER _____

1 AN ACT concerning

2 **Family and Medical Leave Insurance Program – Modifications**

3 FOR the purpose of modifying provisions of law governing application, administration, and
4 enforcement of the Family and Medical Leave Insurance Program, including
5 provisions related to the payment of contributions, the calculation of the average
6 weekly wage, the submission of claims for benefits, the application of the Program
7 to self-employed individuals, the Family and Medical Leave Insurance Fund, the
8 satisfaction of Program requirements through private employer plans or insurance,
9 and the use of contributions or other funding by the Secretary of Labor; and generally
10 relating to the Family and Medical Leave Insurance Program.

11 BY repealing and reenacting, without amendments,
12 Article – Labor and Employment
13 Section 8.3–101(a) and (j)
14 Annotated Code of Maryland
15 (2016 Replacement Volume and 2023 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Labor and Employment
18 Section 8.3–101(d) and (r), 8.3–102, 8.3–201(b)(1), 8.3–302, 8.3–403(a) and (d),
19 8.3–406(a) and (b)(5), 8.3–503, 8.3–601(a)(1), (b), and (c)(1), 8.3–701(a)(1),
20 8.3–703(a) and (b)(3), 8.3–705, 8.3–903, 8.3–905(a) and (b), and 8.3–906
21 Annotated Code of Maryland
22 (2016 Replacement Volume and 2023 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY adding to
2 Article – Labor and Employment
3 Section 8.3–403(e)
4 Annotated Code of Maryland
5 (2016 Replacement Volume and 2023 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
7 That the Laws of Maryland read as follows:

8 **Article – Labor and Employment**

9 8.3–101.

10 (a) In this title the following words have the meanings indicated.

11 (d) “Covered employee” means an employee who has worked at least 680 hours
12 **PERFORMING SERVICES UNDER EMPLOYMENT LOCATED IN THE STATE** over the
13 **[12–month period] FOUR MOST RECENTLY COMPLETED CALENDAR QUARTERS FOR**
14 **WHICH QUARTERLY REPORTS HAVE BEEN REQUIRED** immediately preceding the date
15 on which leave is to begin.

16 (j) “Fund” means the Family and Medical Leave Insurance Fund established
17 under § 8.3–501 of this title.

18 (r) “Wages” means all compensation that is due for employment that is:

19 (1) for an employee[:

20 (i) an hourly wage or a salary;

21 (ii) a commission;

22 (iii) compensatory pay;

23 (iv) severance pay;

24 (v) standby pay;

25 (vi) a tip or gratuity;

26 (vii) holiday or vacation pay; or

27 (viii) any other paid leave, including sick leave, that is paid to the
28 employee entirely by the employer], **WAGES AS DEFINED IN § 8–101 OF THIS ARTICLE;**
29 or

1 (2) for a self-employed individual[.]:

2 (I) self-employment income, as defined in 26 U.S.C. § 1402(b); OR

3 (II) ~~INCOME, PAY, OR LEAVE LISTED UNDER ITEM (1) OF THIS~~
 4 ~~SUBSECTION THAT IS~~ **WAGES, AS DEFINED IN § 8-101 OF THIS ARTICLE, EARNED**
 5 **FROM A C CORPORATION OR AN S CORPORATION IF THE INCOME, PAY, OR LEAVE IS**
 6 **PAID TO THE OWNER WHO IS THE SOLE EMPLOYEE OF A C CORPORATION OR AN S**
 7 **CORPORATION.**

8 8.3-102.

9 (a) (1) This subsection does not apply to the disclosure of information to:

10 (i) a public employee in the performance of the public employee's
 11 official duties;

12 (ii) the individual to whom the information relates; [or]

13 (iii) if an authorized representative has the signed authorization of
 14 the individual to whom the information relates, the authorized representative; OR

15 (IV) **EMPLOYERS WHOSE EMPLOYEES HAVE FILED CLAIMS WITH**
 16 **THE DEPARTMENT FOR THE PURPOSE OF CLAIMS ADMINISTRATION.**

17 (2) An employee of the Department may not disclose **PERSONAL**
 18 **IDENTIFYING** information relating to:

19 (I) an individual who has applied for or received benefits under this
 20 title;

21 (II) **AN INDIVIDUAL WHOSE EMPLOYMENT DATA HAS BEEN**
 22 **SUBMITTED TO THE DEPARTMENT BY THE INDIVIDUAL'S EMPLOYER UNDER THIS**
 23 **TITLE; OR**

24 (III) **A SELF-EMPLOYED INDIVIDUAL WHO SUBMITTED DATA TO**
 25 **THE DEPARTMENT UNDER THIS TITLE.**

26 (b) This title preempts the authority of a local jurisdiction to enact a law on or
 27 after June 1, 2022, that establishes a paid family and medical leave insurance program for
 28 employees of an employer other than the local jurisdiction.

29 8.3-201.

1 (b) (1) A self-employed individual **WHO IS A RESIDENT OF THE STATE** may
2 elect to participate in the Program by filing a written notice of election with the Secretary
3 in accordance with regulations adopted by the Secretary.

4 8.3-302.

5 The purpose of the Program is to provide temporary benefits to a covered individual
6 who is taking leave from employment:

7 (1) (i) to care for or bond with a child of the covered individual during
8 the first year after the child's birth; or

9 (ii) during the process through which a child is being placed with the
10 covered individual through foster care, kinship care, or adoption and to care for and bond
11 with the child during the first year after the placement;

12 (2) to care for a family member with a serious health condition;

13 (3) because the covered individual has a serious health condition that
14 results in the covered individual being unable to perform the functions of the covered
15 individual's position;

16 (4) to care for a service member [who is] **FOR WHOM** the covered
17 [individual's] **INDIVIDUAL IS** next of kin; or

18 (5) because the covered individual has a qualifying exigency arising out of
19 the deployment of a service member who is a family member of the covered individual.

20 8.3-403.

21 (a) The Secretary, in consultation with other State agencies and relevant
22 stakeholders, shall:

23 (1) subject to subsection (b) of this section, adopt regulations necessary to
24 carry out this title;

25 (2) establish procedures and forms for filing claims for benefits, including:

26 (i) procedures for notifying an employer within 5 business days after
27 any of the following occurs:

28 1. an employee files an electronic application regarding a
29 claim for benefits;

30 2. an employee's paper application regarding a claim for
31 benefits is processed;

1 (5) public outreach and technical assistance efforts, INCLUDING ANY
2 GRANTS ISSUED UNDER § 8.3-403(D)(1)(II) OF THIS SUBTITLE;

3 8.3-503.

4 (a) The Fund consists of:

5 (1) employee contributions;

6 (2) self-employed individual contributions;

7 (3) employer contributions;

8 (4) APPLICATION AND APPLICATION RENEWAL FEES PAID AS
9 REQUIRED IN REGULATIONS ADOPTED UNDER § 8.3-705(B)(3) OF THIS TITLE;

10 [(4)] (5) money paid to the Fund for the purpose of reimbursing the
11 Secretary under § 8.3-902 of this title for benefits paid in error;

12 (6) MONEY COLLECTED UNDER:

13 (i) § 8.3-903(1) OF THIS TITLE FOR ASSESSED CONTRIBUTIONS
14 AND INTEREST FOR AN EMPLOYER'S OR A SELF-EMPLOYED INDIVIDUAL'S FAILURE
15 TO PAY CONTRIBUTIONS; AND

16 (ii) § 8.3-906(A)(1)(III) OF THIS TITLE FOR THE DEPARTMENT'S
17 COSTS OF AN APPEAL AGAINST AN EMPLOYER OR INSURER;

18 [(5)] (7) interest earned on money in the Fund; and

19 [(6)] (8) money received for the Fund from any other source.

20 (b) Money in the Fund may be commingled.

21 (c) (1) [The] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE
22 Fund may be used only for the purposes of this title.

23 (2) FEES PAID INTO THE FUND UNDER SUBSECTION (A)(4) OF THIS
24 SECTION MAY BE USED ONLY FOR ADMINISTRATIVE PURPOSES OF THE PROGRAM.

25 8.3-601.

26 (a) (1) Beginning [October 1, 2024] **JULY 1, 2025**, each employee of an
27 employer, each employer with 15 or more employees, and each self-employed individual
28 participating in the Program shall contribute to the Fund.

1 (b) (1) Subject to subsection (a)(2) of this section, on or before [October 1, 2023]
2 **FEBRUARY 1, ~~2024~~ 2025**, the Secretary shall set the total rate of contribution based on
3 available cost analyses of the Program.

4 (2) The rate set under paragraph (1) of this subsection shall be in effect for
5 the period from [October 1, 2024] **JULY 1, 2025**, to June 30, 2026, both inclusive.

6 (c) (1) On or before November 15 each year, beginning in [2025] **2026**, the
7 Secretary shall conduct a cost analysis of the Program that is focused on the cost of
8 maintaining solvency and paying benefits to covered individuals that will be used to
9 determine the appropriate total rate of contribution to the Fund.

10 8.3-701.

11 (a) (1) Subject to paragraph (2) of this subsection, beginning [January] **JULY**
12 **1, 2026**, a covered individual taking leave from employment may submit a claim for
13 benefits:

14 (i) 1. to care for a newborn child of the covered individual during
15 the first year after the child's birth; or

16 2. because a child is being placed for adoption, foster care, or
17 kinship care with the covered individual or to care for or bond with the child during the
18 first year after the placement;

19 (ii) to care for a family member with a serious health condition;

20 (iii) to attend to a serious health condition that results in the covered
21 individual being unable to perform the functions of the covered individual's position;

22 (iv) to care for a service member with a serious health condition
23 resulting from military service [who is] **FOR WHOM** the covered [individual's] **INDIVIDUAL**
24 **IS** next of kin; or

25 (v) to attend to a qualifying exigency arising out of the deployment
26 of a service member who is a family member of the covered individual.

27 8.3-703.

28 (a) For the purposes of this section:

29 (1) the covered individual's average weekly wage shall be calculated as the
30 total wages received by the covered individual [over the last 680 hours for which the covered
31 individual was paid divided by the number of weeks worked] **IN THE HIGHEST OF THE**

1 **PREVIOUS FOUR COMPLETED CALENDAR QUARTERS FOR WHICH QUARTERLY**
2 **REPORTS HAVE BEEN REQUIRED, DIVIDED BY 13; and**

3 (2) the State average weekly wage shall be the wage calculated under §
4 9–603 of this article.

5 (b) (3) The weekly benefit amount payable under paragraph (1) of this
6 subsection:

7 (i) shall be at least \$50; and

8 (ii) may not exceed:

9 1. for the [12–month] **6–MONTH** period beginning [January]
10 **JULY 1, 2026, \$1,000; and**

11 2. for the 12–month period beginning January 1, 2027, and
12 each subsequent 12–month period, the amount determined and announced by the Secretary
13 under paragraph (4) of this subsection.

14 8.3–705.

15 (a) (1) An employer **AUTHORIZED BY THE SECRETARY** may satisfy the
16 requirements of this title through a private employer plan consisting of employer–provided
17 benefits[,] **OR** insurance through an insurer that holds a certificate of authority issued by
18 the Maryland Insurance Commissioner[, or a combination of both] if the private employer
19 plan is [offered] **PROVIDED** to all of the employer’s eligible employees and meets or exceeds
20 the rights, protections, and benefits provided to a covered employee under this title.

21 (2) (i) To determine the benefit amount under a private employer plan,
22 the weekly benefit amount shall be based on the average weekly wage earned from the
23 employer sponsoring the private employer plan.

24 (ii) Notwithstanding subparagraph (i) of this paragraph, if an
25 individual has worked less than 680 hours for the employer sponsoring the private
26 employer plan, the weekly benefit amount shall be based on the average weekly wage under
27 § 8.3–703(a) of this subtitle.

28 (iii) This subsection may not be construed to prevent a private
29 employer plan from providing a benefit that is greater than that provided in § 8.3–703(a)
30 of this subtitle.

31 (b) (1) A private employer plan shall be filed with the Department for
32 approval.

1 **(2) (I) THE SECRETARY SHALL ESTABLISH REASONABLE CRITERIA**
2 **FOR DETERMINING WHICH EMPLOYERS ARE AUTHORIZED TO MEET THE**
3 **REQUIREMENTS OF THIS TITLE THROUGH EMPLOYER-PROVIDED BENEFITS.**

4 **(II) THE CRITERIA ESTABLISHED UNDER SUBPARAGRAPH (I) OF**
5 **THIS PARAGRAPH MAY INCLUDE THE EMPLOYER'S:**

- 6 1. **NUMBER OF EMPLOYEES;**
- 7 2. **CAPITALIZATION;**
- 8 3. **BONDEDNESS; AND**
- 9 4. **STATUS AS A GOVERNMENT EMPLOYER.**

10 **(3) THE DEPARTMENT MAY ADOPT REGULATIONS THAT ESTABLISH**
11 **REASONABLE APPLICATION AND APPLICATION RENEWAL FEES FOR PRIVATE**
12 **EMPLOYER PLANS UNDER THIS SECTION.**

13 (c) An employer that provides covered employees with a private employer plan
14 and an employee that is covered by a private employer plan are exempt from the
15 contributions required under Subtitle 6 of this title.

16 (d) An employer that provides a private employer plan may not deduct from an
17 employee more than [the maximum] **50% OF THE** contribution amount set by the
18 Department **UNDER § 8.3-601(B) OF THIS TITLE.**

19 8.3-903.

20 If an employer **OR A SELF-EMPLOYED INDIVIDUAL** fails to pay the contributions
21 due to the Fund, the Secretary may, in accordance with § 8.3-404 of this title:

22 (1) assess the amount of contributions and interest due;

23 (2) make an additional assessment in an amount not to exceed two times
24 the contributions withheld, as a penalty for failure to pay the contributions due; and

25 (3) order an audit of the employer for the immediately following fiscal year
26 to investigate and determine compliance with this title and Titles 3, 8, and 9 of this article.

27 8.3-905.

28 (a) If an employee **OR THE DEPARTMENT** believes that an employer, **A**
29 **SELF-EMPLOYED INDIVIDUAL, OR AN INSURER** has violated this title **OR**
30 **REGULATIONS ADOPTED BY THE DEPARTMENT UNDER THIS TITLE**, the employee **OR**

1 **THE DEPARTMENT** may file a written complaint with the [Secretary] **SECRETARY'S**
2 **DESIGNEE**.

3 (b) (1) Within 90 days after the receipt of a written complaint, the [Secretary]
4 **SECRETARY'S DESIGNEE** shall conduct an investigation and attempt to resolve the issue
5 informally through mediation.

6 (2) (i) If the [Secretary] **SECRETARY'S DESIGNEE** is unable to resolve
7 an issue through mediation during the period stated in paragraph (1) of this subsection and
8 the [Secretary] **SECRETARY'S DESIGNEE** determines that an employer has violated this
9 subtitle, the [Secretary] **SECRETARY'S DESIGNEE** shall issue an order.

10 (ii) An order issued under subparagraph (i) of this paragraph:

11 1. shall describe the violation;

12 2. shall direct, if appropriate, the recovery of lost wages and
13 damages equal to the amount of wages, salary, employment benefits, or other compensation
14 denied or lost, and any actual economic damages;

15 3. may, in the Secretary's discretion, seek reinstatement or
16 the hiring of employees with or without back pay; and

17 4. may, in the [Commissioner's] discretion **OF THE**
18 **SECRETARY'S DESIGNEE**, assess a civil penalty of up to \$1,000 for each employee for
19 whom the employer is not in compliance with this title.

20 (3) The actions taken under paragraphs (1) and (2) of this subsection are
21 subject to the hearing and notice requirements of Title 10, Subtitle 2 of the State
22 Government Article.

23 8.3-906.

24 (a) (1) (i) The Secretary shall establish a system for appeals by covered
25 individuals regarding determinations of benefit amounts, benefit durations, and denials of
26 benefits under this title.

27 (ii) A covered individual must file an appeal under subparagraph (i)
28 of this paragraph within 30 days after the determination is made or benefits are denied,
29 unless good cause can be shown for the delay.

30 **(III) IF A COVERED INDIVIDUAL PREVAILS IN AN APPEAL OF AN**
31 **ADVERSE DECISION OF AN EMPLOYER OR INSURER, THE DEPARTMENT MAY ASSESS**
32 **THE DEPARTMENT'S COSTS OF THE APPEAL AGAINST THE EMPLOYER OR INSURER.**

1 (2) The Secretary may use the procedures under § 8–806 of this article for
2 the system required under paragraph (1) of this subsection.

3 (b) Judicial review of any decision with respect to benefits under this title shall
4 be allowed in a court of competent jurisdiction after an aggrieved party has exhausted all
5 administrative remedies established by the Secretary under this title.

6 (c) The Secretary shall implement procedures to ensure confidentiality of all
7 information related to any claims filed or appeals taken to the maximum extent allowed by
8 law.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 2024.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.