

SENATE BILL 466

K3

9lr1724

By: **Senator Stone**

Introduced and read first time: February 4, 2009

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning
2 **Labor and Employment – Employment Contracts – Implied Covenant of Good**
3 **Faith and Fair Dealing**

4 FOR the purpose of creating an implied covenant of good faith and fair dealing in
5 employment contracts; establishing that this Act does not apply to local, State,
6 or federal government employees; prohibiting an employer from discharging an
7 employee in bad faith or without good cause; authorizing an employee to waive
8 the implied covenant of good faith and fair dealing under certain circumstances;
9 requiring an employer to explain a certain waiver to an employee before the
10 employee signs the waiver; providing that a certain waiver does not waive
11 certain rights or benefits; and generally relating to an implied covenant of good
12 faith and fair dealing and employment contracts.

13 BY adding to
14 Article – Labor and Employment
15 Section 3-710
16 Annotated Code of Maryland
17 (2008 Replacement Volume)

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

20 **Article – Labor and Employment**

21 **3-710.**

22 **(A) THIS SECTION DOES NOT APPLY TO LOCAL, STATE, OR FEDERAL**
23 **GOVERNMENT EMPLOYEES.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(B) THERE IS AN IMPLIED COVENANT OF GOOD FAITH AND FAIR**
2 **DEALING IN AN EMPLOYMENT CONTRACT.**

3 **(C) IN ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION, AND**
4 **SUBJECT TO SUBSECTION (D) OF THIS SECTION, AN EMPLOYER MAY NOT**
5 **DISCHARGE AN EMPLOYEE:**

6 **(1) IN BAD FAITH; OR**

7 **(2) WITHOUT GOOD CAUSE.**

8 **(D) AN EMPLOYEE MAY WAIVE THE IMPLIED COVENANT OF GOOD FAITH**
9 **AND FAIR DEALING IN AN EMPLOYMENT CONTRACT IF THE EMPLOYEE,**
10 **VOLUNTARILY AND WITHOUT COERCION, SIGNS A WRITTEN WAIVER THAT IS**
11 **SEPARATE FROM THE EMPLOYEE'S EMPLOYMENT CONTRACT.**

12 **(E) THE EMPLOYER SHALL EXPLAIN A WAIVER UNDER SUBSECTION (D)**
13 **TO THE EMPLOYEE BEFORE THE EMPLOYEE SIGNS THE WAIVER.**

14 **(F) A WAIVER UNDER SUBSECTION (D) OF THIS SECTION DOES NOT**
15 **WAIVE ANY OTHER RIGHT OR BENEFIT AN EMPLOYEE HAS UNDER ANY OTHER**
16 **LAW OR THE EMPLOYEE'S EMPLOYMENT CONTRACT.**

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 October 1, 2009.