

HOUSE BILL 405

K1

(0lr0017)

ENROLLED BILL

— Economic Matters/Finance —

Introduced by **Chair, Economic Matters Committee (By Request –
Departmental – Workers’ Compensation Commission)**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o’clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Workers’ Compensation – Covered Employees and Employers – Corporate or**
3 **Limited Liability Company Officer**

4 FOR the purpose of authorizing an officer of a close corporation, as defined under the
5 laws of the jurisdiction where the corporation is incorporated, to elect to be
6 exempt from workers’ compensation coverage; authorizing an officer of a
7 corporation, other than a close corporation, to elect to be exempt from workers’
8 compensation coverage; limiting the number of officers of a corporation, other
9 than a close corporation, who may elect to be exempt from workers’ compensation
10 coverage; clarifying that members of certain limited liability companies may
11 elect to be exempt from workers’ compensation coverage; ~~limiting the number of~~
12 ~~officers of a close corporation who may elect to be exempt from workers’~~
13 ~~compensation coverage;~~ requiring the State Workers’ Compensation

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.

Italics indicate opposite chamber/conference committee amendments.



1 Commission to adopt certain regulations; and generally relating to exemptions
2 from workers' compensation coverage requirements.

3 BY repealing and reenacting, with amendments,
4 Article – Labor and Employment
5 Section 9–206
6 Annotated Code of Maryland
7 (2008 Replacement Volume and 2009 Supplement)

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

10 **Article – Labor and Employment**

11 9–206.

12 (a) Subject to subsection (b) of this section, an officer of a corporation or a
13 member of a limited liability company is a covered employee if the officer or member
14 provides a service for the corporation or limited liability company for monetary
15 compensation.

16 (b) An individual who otherwise would be a covered employee under this
17 section may elect to be exempt from coverage if:

18 (1) ~~SUBJECT TO SUBSECTION (C)(3) OF THIS SECTION,~~ the individual
19 [is an officer of a close corporation, as defined in § 4–101(b) of the Corporations and
20 Associations Article];

21 (I) IS AN OFFICER OF A CLOSE CORPORATION, AS DEFINED
22 IN § 4–101(B) OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE; OR

23 (II) IS AN OFFICER OF A CLOSE CORPORATION, AS DEFINED
24 UNDER THE LAWS OF THE JURISDICTION IN WHICH THE CORPORATION IS
25 INCORPORATED;

26 (2) SUBJECT TO SUBSECTION (C)(3) OF THIS SECTION, THE
27 INDIVIDUAL IS AN OFFICER OF A CORPORATION, OTHER THAN A CLOSE
28 CORPORATION;

29 ~~(2)~~ (3) the individual:

30 (i) is an officer of a corporation that earns at least 75% of its
31 income from farm operations; and

32 (ii) owns at least 20% of the outstanding capital stock of the
33 corporation;

1 ~~(3)~~ **(4)** the individual:

2 (i) is an officer of a professional corporation, as defined in §
3 5–101(C) OR (f) of the Corporations and Associations Article;

4 (ii) owns at least 20% of the outstanding capital stock of the
5 corporation; and

6 (iii) performs for the corporation a professional service, as
7 defined in § 5–101(g) of the Corporations and Associations Article; or

8 ~~(4)~~ **(5)** the individual:

9 (i) is a member of a limited liability company, **AS DEFINED IN**
10 **§ 4A–101(J) OR (L) OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE;** and

11 (ii) owns at least 20% of the outstanding interests in profits of
12 the limited liability company.

13 (c) (1) A corporation or limited liability company shall submit to the
14 Commission and to the insurer of the corporation or limited liability company a
15 written notice that names the individual who has [elected to be excluded from
16 coverage] **MADE AN ELECTION TO BE EXEMPT UNDER SUBSECTION (B) OF THIS**
17 **SECTION.**

18 (2) An election under subsection (b)(1) or (b)(4) of this section is not
19 effective until a corporation or limited liability company complies with this subsection.

20 **(3) NO MORE THAN FIVE OFFICERS OF A ~~CLOSE~~ CORPORATION**
21 **DESCRIBED IN SUBSECTION (B)(1)(I) OR (H) (2) OF THIS SECTION MAY ELECT TO**
22 **BE EXEMPT UNDER SUBSECTION (B)(1) (2) OF THIS SECTION.**

23 **(D) THE COMMISSION SHALL ADOPT REGULATIONS TO CARRY OUT THIS**
24 **SECTION.**

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2010.