

HOUSE BILL 1539

K3

8lr3307
CF SB 853

By: **Delegates Lisanti, Barkley, Branch, Brooks, Carey, Clippinger, Fennell,
Glenn, Valderrama, and Waldstreicher**

Introduced and read first time: February 9, 2018

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 19, 2018

CHAPTER _____

1 AN ACT concerning

2 **Labor and Employment – General Contractor Liability for Unpaid Wages**
3 ~~**(Contractors Payment Protection Act)**~~

4 FOR the purpose of providing that certain contractors are jointly and severally liable for
5 certain violations of the wage payment and collection law by ~~certain~~ subcontractors
6 under certain circumstances; requiring a subcontractor to indemnify a general
7 contractor for certain wages, damages, interest, penalties, and fees except under
8 certain circumstances; defining a certain term; prohibiting a certain obligation or
9 contract right from being impaired by this Act; and generally relating to a general
10 contractor's liability for unpaid wages.

11 BY repealing and reenacting, with amendments,
12 Article – Labor and Employment
13 Section 3–507.2
14 Annotated Code of Maryland
15 (2016 Replacement Volume and 2017 Supplement)

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

18 **Article – Labor and Employment**

19 3–507.2.

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 (a) Notwithstanding any remedy available under § 3–507 of this subtitle, if an
2 employer fails to pay an employee in accordance with § 3–502 or § 3–505 of this subtitle,
3 after 2 weeks have elapsed from the date on which the employer is required to have paid
4 the wages, the employee may bring an action against the employer to recover the unpaid
5 wages.

6 (b) If, in an action under subsection (a) of this section, a court finds that an
7 employer withheld the wage of an employee in violation of this subtitle and not as a result
8 of a bona fide dispute, the court may award the employee an amount not exceeding 3 times
9 the wage, and reasonable counsel fees and other costs.

10 (c) (1) IN THIS SUBSECTION, “CONSTRUCTION SERVICES” HAS THE
11 MEANING STATED IN § 3–901 OF THIS TITLE.

12 (2) IN AN ACTION BROUGHT UNDER SUBSECTION (A) OF THIS
13 SECTION, A GENERAL CONTRACTOR ON A PROJECT FOR CONSTRUCTION SERVICES
14 IS JOINTLY AND SEVERALLY LIABLE FOR A VIOLATION OF THIS SUBTITLE THAT IS
15 COMMITTED BY A SUBCONTRACTOR ~~OR THE SUBCONTRACTOR’S SUBCONTRACTOR,~~
16 REGARDLESS OF WHETHER THE SUBCONTRACTOR IS IN A DIRECT CONTRACTUAL
17 RELATIONSHIP WITH THE GENERAL CONTRACTOR.

18 (3) A SUBCONTRACTOR SHALL INDEMNIFY A GENERAL CONTRACTOR
19 FOR ANY WAGES, DAMAGES, INTEREST, PENALTIES, OR ATTORNEY’S FEES OWED AS
20 A RESULT OF THE SUBCONTRACTOR’S VIOLATION UNLESS:

21 (I) INDEMNIFICATION IS PROVIDED FOR IN A CONTRACT
22 BETWEEN THE GENERAL CONTRACTOR AND THE SUBCONTRACTOR; OR

23 (II) A VIOLATION OF THE SUBTITLE AROSE DUE TO A LACK OF
24 PROMPT PAYMENT IN ACCORDANCE WITH THE TERMS OF THE CONTRACT BETWEEN
25 THE GENERAL CONTRACTOR AND THE SUBCONTRACTOR.

26 SECTION 2. AND BE IT FURTHER ENACTED, That a presently existing obligation
27 or contract right may not be impaired in any way by this Act.

28 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 October 1, 2018.