

# SENATE BILL 572

P2, K3

8lr2491

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By: **Senators Benson, Guzzone, Klausmeier, Manno, Muse, Nathan–Pulliam, Oaks, Peters, Robinson, Rosapepe, Young, and Zucker**

Introduced and read first time: January 31, 2018

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 7, 2018

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Prevailing Wage Rates – Public Work Contracts – Suits by Employees**

3 FOR the purpose of authorizing certain employees to sue to recover the difference between  
4 certain prevailing wage rates and certain amounts under certain circumstances;  
5 providing that a certain determination by the Commissioner of Labor and Industry  
6 does not preclude certain employees from filing a certain action; ~~requiring a court to~~  
7 ~~order the payment of certain damages under certain circumstances;~~ providing for the  
8 liability of certain contractors and subcontractors under certain circumstances; and  
9 generally relating to private rights of action under the State prevailing wage law.

10 BY repealing and reenacting, with amendments,  
11 Article – State Finance and Procurement  
12 Section 17–224  
13 Annotated Code of Maryland  
14 (2015 Replacement Volume and 2017 Supplement)

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

17 **Article – State Finance and Procurement**

18 17–224.

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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) (1) If an employee under a public work contract is paid less than the  
2 prevailing wage rate for that employee's classification for the work performed, the employee  
3 may file a complaint with the Commissioner.

4 (2) Except as otherwise provided in this section, a complaint filed under  
5 this section shall be subject to the provisions of § 17-221 of this subtitle.

6 (3) If the Commissioner's investigation determines that the employer  
7 violated provisions of this subtitle, the Commissioner shall try to resolve the issue  
8 informally.

9 (4) (i) If the Commissioner is unable to resolve the matter informally,  
10 the Commissioner shall issue an order for a hearing in accordance with § 17-221 of this  
11 subtitle.

12 (ii) If, at the conclusion of a hearing ordered under subparagraph (i)  
13 of this paragraph, the Commissioner determines that the employee is entitled to restitution  
14 under this subtitle, the Commissioner shall issue an order in accordance with § 17-221 of  
15 this subtitle.

16 (iii) If an employer of an employee found to be entitled to restitution  
17 under subparagraph (ii) of this paragraph is no longer working under a contract with a  
18 public body, the Commissioner may order that restitution be paid directly by the employer  
19 to the employee within a reasonable period of time, as determined by the Commissioner.

20 (5) If an employer fails to comply with an order to pay restitution to an  
21 employee under paragraph (4)(iii) of this subsection, the Commissioner or the employee  
22 may bring a civil action to enforce the order in the circuit court in the county where the  
23 employee or employer is located.

24 **(B) (1) IF AN EMPLOYEE UNDER A PUBLIC WORK CONTRACT IS PAID LESS**  
25 **THAN THE PREVAILING WAGE RATE FOR THAT EMPLOYEE'S CLASSIFICATION FOR**  
26 **THE WORK PERFORMED, THE EMPLOYEE IS ENTITLED TO SUE TO RECOVER THE**  
27 **DIFFERENCE BETWEEN THE PREVAILING WAGE RATE AND THE AMOUNT RECEIVED**  
28 **BY THE EMPLOYEE.**

29 **(2) A DETERMINATION BY THE COMMISSIONER THAT A CONTRACTOR**  
30 **IS REQUIRED TO MAKE RESTITUTION UNDER SUBSECTION (A)(4) OF THIS SECTION**  
31 **DOES NOT PRECLUDE AN EMPLOYEE FROM FILING AN ACTION UNDER THIS**  
32 **SUBSECTION.**

33 **[(b)] (C) (1)** An action under this section is considered to be a suit for wages.

34 (2) A judgment in an action under this section shall have the same force  
35 and effect as any other judgment for wages.

1 (3) An action brought under this section for a violation of this subtitle shall  
2 be filed within 3 years from the date the affected employee knew or should have known of  
3 the violation.

4 [(c)] (D) (1) The failure of an employee to protest orally or in writing the  
5 payment of a wage that is less than the prevailing wage rate is not a bar to recovery in an  
6 action under this section.

7 (2) A contract or other written document in which an employee states that  
8 the employee shall be paid less than the amount required by this subtitle does not bar the  
9 recovery of any remedy required under this subtitle.

10 [(d)] (E) (1) Except as provided in paragraph (3) of this subsection, if the  
11 court in an action filed under this section finds that an employer paid an employee less  
12 than the requisite prevailing wage, the court shall award the affected employee the  
13 difference between the wage actually paid and the prevailing wage at the time that the  
14 services were rendered.

15 (2) (i) Subject to subparagraph (ii) of this paragraph, unpaid fringe  
16 benefit contributions owed for an employee in accordance with this section shall be paid to  
17 the appropriate benefit fund, plan, or program.

18 (ii) In the absence of an appropriate benefit fund, plan, or program,  
19 the amount owed for fringe benefits for an employee shall be paid directly to the employee.

20 (3) The court ~~may~~ **SHALL** order the payment of ~~double damages or~~  
21 treble damages under this section if the court finds that the employer withheld wages or  
22 fringe benefits willfully and knowingly or with deliberate ignorance or reckless disregard  
23 of the employer's obligations under this subtitle.

24 (4) In an action under this section, the court shall award a prevailing  
25 plaintiff reasonable counsel fees and costs.

26 (5) If the court finds that an employee submitted a false or fraudulent claim  
27 in an action under this section, the court may order the employee to pay the employer  
28 reasonable counsel fees and costs.

29 **(6) THE CONTRACTOR AND SUBCONTRACTOR SHALL BE JOINTLY AND**  
30 **SEVERALLY LIABLE FOR ANY VIOLATION OF THE SUBCONTRACTOR'S OBLIGATIONS**  
31 **UNDER THIS SECTION.**

32 [(e)] (F) (1) Subject to paragraph (2) of this subsection, an action filed in  
33 accordance with this section may be brought by one or more employees on behalf of that  
34 employee or group of employees and on behalf of other employees similarly situated.

1           (2) An employee may not be a party plaintiff to an action brought under  
2 this section unless that employee files written consent with the court in which the action is  
3 brought to become a party to the action.

4           **[(f)] (G)** (1) A person found to have made a false or fraudulent representation  
5 or omission known to be false or made with deliberate ignorance or reckless disregard for  
6 its truth or falsity regarding a material fact in connection with any prevailing wage payroll  
7 record required by § 17–220 of this subtitle is liable for a civil penalty of \$1,000 for each  
8 falsified record.

9           (2) The penalty shall be recoverable in a civil action filed in accordance  
10 with this section and paid to the State General Fund.

11           **[(g)] (H)** An employer may not discharge, threaten, or otherwise retaliate or  
12 discriminate against an employee regarding compensation or other terms and conditions of  
13 employment because that employee or an organization or other person acting on behalf of  
14 that employee:

15           (1) reports or makes a complaint under this subtitle or otherwise asserts  
16 the worker's rights under this section; or

17           (2) participates in any investigation, hearing, or inquiry held by the  
18 Commissioner under § 17–221 of this subtitle.

19           **[(h)] (I)** (1) A contractor or subcontractor may not retaliate or discriminate  
20 against an employee in violation of this section.

21           (2) If a contractor or subcontractor retaliates or discriminates against an  
22 employee in violation of this section, the affected employee may file an action in any court  
23 of competent jurisdiction within 3 years from the employee's knowledge of the action.

24           (3) If the court finds in favor of the employee in an action brought under  
25 this subsection, the court shall order that the contractor or subcontractor:

26                   (i) reinstate the employee or provide the employee restitution, as  
27 appropriate;

28                   (ii) pay the employee an amount equal to three times the amount of  
29 back wages and fringe benefits calculated from the date of the violation; and

30                   (iii) pay reasonable counsel fees and other costs.

31           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 October 1, 2018.