

Chapter 846

(House Bill 1539)

AN ACT concerning

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

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

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

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

Article – Labor and Employment

3–507.2.

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

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

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

(2) IN AN ACTION BROUGHT UNDER SUBSECTION (A) OF THIS SECTION, A GENERAL CONTRACTOR ON A PROJECT FOR CONSTRUCTION SERVICES

IS JOINTLY AND SEVERALLY LIABLE FOR A VIOLATION OF THIS SUBTITLE THAT IS COMMITTED BY A SUBCONTRACTOR ~~OR THE SUBCONTRACTOR'S SUBCONTRACTOR,~~ REGARDLESS OF WHETHER THE SUBCONTRACTOR IS IN A DIRECT CONTRACTUAL RELATIONSHIP WITH THE GENERAL CONTRACTOR.

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

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

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

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

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

Enacted under Article II, § 17(c) of the Maryland Constitution, May 26, 2018.