

# SENATE BILL 947

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By: **Senator Hershey**

Introduced and read first time: February 15, 2021

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Labor and Employment – General Contractor Liability – Applicability**

3 FOR the purpose of clarifying that a certain provision of law governing a general  
4 contractor's liability for unpaid wages owed to employees of a subcontractor applies  
5 only to general contractors on a project for construction services under contracts  
6 entered into after a certain date; and generally relating to general contractor  
7 liability.

8 BY repealing and reenacting, with amendments,

9 Article – Labor and Employment

10 Section 3–507.2

11 Annotated Code of Maryland

12 (2016 Replacement Volume and 2020 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

14 That the Laws of Maryland read as follows:

15 **Article – Labor and Employment**

16 3–507.2.

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

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (c) (1) In this subsection, “construction services” has the meaning stated in §  
2 3–901 of this title.

3 (2) In an action brought under subsection (a) of this section, a general  
4 contractor on a project for construction services **UNDER A CONTRACT ENTERED INTO**  
5 **AFTER SEPTEMBER 30, 2018**, is jointly and severally liable for a violation of this subtitle  
6 that is committed by a subcontractor, regardless of whether the subcontractor is in a direct  
7 contractual relationship with the general contractor.

8 (3) A subcontractor shall indemnify a general contractor for any wages,  
9 damages, interest, penalties, or attorney’s fees owed as a result of the subcontractor’s  
10 violation unless:

11 (i) indemnification is provided for in a contract between the general  
12 contractor and the subcontractor; or

13 (ii) a violation of the subtitle arose due to a lack of prompt payment  
14 in accordance with the terms of the contract between the general contractor and the  
15 subcontractor.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
17 October 1, 2021.