

**Department of Legislative Services**  
Maryland General Assembly  
2022 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 640  
Economic Matters

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**Labor and Employment - Healthy Working Families Act - Application**

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This bill applies the requirements of the Maryland Healthy Working Families Act (MHWFA) to construction laborers covered by a collective bargaining agreement, who are currently exempt from the Act. Construction laborers are individuals classified as laborers under the prevailing wage classifications established by the Maryland Department of Labor. As a result of the changes, MHWFA applies to all construction laborers. The bill applies prospectively and may not be applied or interpreted to have any effect on or application to any collective bargaining agreement that waives the requirements of MHWFA for construction laborers before the October 1, 2022 effective date.

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**Fiscal Summary**

**State Effect:** Project costs on State capital construction contracts may increase minimally, as discussed below, but there is no effect on total capital budget expenditures, which are established annually by the Governor and the General Assembly through the capital budget process. Any increase in project costs is not likely to affect the number or size of projects funded by the capital budget. Revenues are not affected.

**Local Effect:** As with the State, any increase in local capital construction project costs does not affect total capital spending by local governments and is unlikely to affect the number or size of funded capital projects. Revenues are not affected.

**Small Business Effect:** Potential meaningful.

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## Analysis

**Bill Summary/Current Law:** Under current law, MHWFA does not apply to a worker who is employed in the construction industry and who is covered by a *bona fide* collective bargaining agreement that expressly waives the benefits provided by MHWFA in clear and unambiguous terms. The bill adds that the employee must not be a construction laborer for this exemption, so the requirements of MHWFA apply to construction laborers.

For additional information on MHWFA, including the industries and employees exempt from the Act, please see the **Appendix – Maryland Healthy Working Families Act**.

**State Expenditures:** Most of the capital construction projects undertaken by the State are done through private contractors, some of which may employ unionized construction laborers who are exempt under current law. To the extent that the existing collective bargaining agreements do not provide comparable sick and safe leave benefits to construction laborers, those construction businesses begin to provide paid sick and safe leave to these employees. Any resulting costs may be passed on to the State through increased contract costs for individual projects. Any such impact is likely to be minimal, especially if the existing agreements provided comparable benefits. Any effect on individual project costs is unlikely to affect the number or size of projects funded each year by the capital budget.

**Local Expenditures:** It is unknown whether any local government entity employs construction laborers that are exempt from MHWFA under current law. To the extent that there are any such laborers, and that the existing agreements do not provide comparable sick and safe leave, local government expenditures increase, likely minimally, to provide paid sick and safe leave to those workers. Additionally, similar to the effect described above for the State, local governments may experience increased contract costs for individual projects as private construction businesses begin to provide paid sick and safe leave to employees under the bill. Those costs are unlikely to affect the availability of capital funds for local governments.

**Small Business Effect:** Small businesses that have existing collective bargaining agreements that use the exemption from MHWFA for construction laborers must comply with the Act's requirements. To the extent that they do not provide comparable sick and safe leave under the terms of the collective bargaining agreement, they may experience increased costs to pay these employees for sick and safe leave under the bill, depending on the number of employees affected and number of sick days used.

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## **Additional Information**

**Prior Introductions:** A similar bill, SB 653 of 2021, received a hearing in the Senate Finance Committee, but no further action was taken.

**Designated Cross File:** None.

**Information Source(s):** Maryland Department of Labor; Department of Legislative Services

**Fiscal Note History:** First Reader - February 9, 2022  
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Analysis by: Heather N. MacDonagh

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510

## Appendix – Maryland Healthy Working Families Act

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The Maryland Healthy Working Families Act took effect as Chapter 1 of 2018. Under Chapter 1, an “employer” includes the State or local governments and a person who acts directly or indirectly in the interest of another employer with an employee. Chapter 1 does not apply to employees who regularly work less than 12 hours a week, specified independent contractors, specified associate real estate brokers and real estate salespersons, individuals younger than age 18 before the beginning of the year, workers in a specified agricultural sector, construction workers (not including specified employees) covered in a collective bargaining agreement in which the Act’s requirements are clearly waived, specified employees who work on an as-needed basis in a health or human services industry, or specified employees of a temporary service or employment agency.

### *Leave Accrual Rates and Use of Leave*

Chapter 1 requires an employer with 15 or more employees to have a sick and safe leave policy under which an employee earns at least 1 hour of *paid* sick and safe leave, at the same rate of pay as the employee normally earns, for every 30 hours that the employee works. An employer with 14 or fewer employees, based on the average monthly number of employees during the preceding year, must have a sick and safe leave policy that provides an employee with at least 1 hour of *unpaid* sick and safe leave for every 30 hours an employee works. An employer is not required to allow an employee to earn or carry over more than 40 hours of earned sick and safe leave in a year, use more than 64 hours of earned leave in a year, accrue more than 64 hours at any time, or use earned sick and safe leave during the first 106 calendar days the employee works for the employer. An employer is not required to carry over unused earned sick and safe leave if the leave is awarded at the beginning of each year.

An employer is not required to allow an employee to accrue earned sick and safe leave during (1) a two-week pay period in which the employee worked fewer than 24 hours total; (2) a one-week pay period if the employee worked fewer than a total of 24 hours in the current and immediately preceding pay period; or (3) a pay period in which the employee is paid twice a month and the employee worked fewer than 26 hours in the pay period.

An employer must allow an employee to use earned sick and safe leave:

- to care for or treat the employee’s mental or physical illness, injury, or condition;
- to obtain preventive medical care for the employee or employee’s family member;
- to care for a family member with a mental or physical illness, injury, or condition;

- for maternity or paternity leave; and
- for specified circumstances due to domestic violence, sexual assault, or stalking committed against the employee or the employee's family member.

An employer is not required to compensate an employee for unused earned sick and safe leave when the employee leaves the employer's employment. An employer that rehires an employee within 37 weeks after leaving employment is required to reinstate any unused earned sick and safe leave that had accrued at the time of separation unless the employer voluntarily paid out the unused earned sick and safe leave. An employer is not required to modify an existing paid leave policy if (1) the terms and conditions are at least equivalent to those under the law or (2) the paid leave policy does not reduce employee compensation for an absence due to sick or safe leave. An employer is not prevented from establishing a policy that allows employees to voluntarily exchange assigned work hours. An employer is not prohibited from adopting and enforcing a policy that prohibits the improper use of earned sick and safe leave. An employer may deny a request to take earned sick and safe leave under specified circumstances related to the disruption of the employer's business or provision of services to an individual with a developmental disability or mental illness.

An employer may require an employee who uses earned sick and safe leave for more than two consecutive scheduled shifts to provide verification that the leave was used appropriately. An employer may also require verification under specified circumstances when an employee uses leave during the period between the first 107 and 120 calendar days that the employee was employed by the employer.

#### *Required Recordkeeping*

An employer must keep relevant records for at least three years, and the Commissioner of Labor and Industry may inspect an employer's records regarding earned sick and safe leave. There is a rebuttable presumption that an employer has violated the earned sick and safe leave provisions if the employer fails to either keep records or allow the commissioner to inspect records. The commissioner may waive a civil penalty if the penalty was assessed for a violation that was due to an error caused by a third-party payroll service provider with whom the employer in good faith contracted for services.

#### *Enforcement Provisions*

If an employee believes that an employer has violated the Maryland Healthy Working Families Act, the employee may file a written complaint with the commissioner. The commissioner must conduct an investigation and attempt to resolve the issue informally

through mediation within 90 days of the written complaint. If the commissioner is unable to resolve the issue through mediation and determines that an employer has violated a provision of the law, the commissioner must issue an order, subject to the hearing and notice requirements of the Administrative Procedure Act. The order must describe the violation and direct the payment of the full monetary value of any unpaid earned sick and safe leave and any actual economic damages. The order may, in the commissioner's discretion, direct the payment of an additional amount of up to three times the value of the employee's hourly wage for each violation and assess a civil penalty of up to \$1,000 for each employee for whom the employer is not in compliance. If an employer does not comply with an order within 30 days of the issuance of the order, the commissioner may ask the Attorney General to bring an action – either on behalf of the employee (with the employee's written consent) or to enforce the order for the civil penalty – in the county where the employer is located.

In addition, within three years of the order, an employee may bring a civil action to enforce the order in the county where the employer is located. If an employee prevails in such an action to enforce an order, the court may award three times the value of the employee's unpaid earned sick and safe leave, punitive damages in an amount determined by the court, reasonable legal fees, injunctive relief if appropriate, and any other appropriate relief.

A person may not interfere with the exercise of, or the attempt to exercise, any right given under the Maryland Healthy Working Families Act. An employer may not take adverse action or discriminate against an employee because the employee exercised in good faith the rights granted by the Act. Additionally, an employer may not interfere with, restrain, or deny an employee exercising rights provided under the Maryland Healthy Working Families Act or apply a specified absence control policy that could lead to adverse action. An employee who mistakenly, but in good faith, alleges a violation under the Act is protected. An employee may not, in bad faith, file a complaint with the commissioner alleging a violation, bring an action, or testify in an action regarding earned sick and safe leave. An employee who violates these provisions is guilty of a misdemeanor and on conviction is subject to a maximum \$1,000 fine.