

February 25, 2020

The Honorable Dereck Davis
Chairman, House Economic Matters Committee
House Office Building, Room 231
6 Bladen Street
Annapolis, MD 21401

RE: Support for House Bill 956 (Labor and Employment - Wage Payment and Collection - General Contractor Liability)

Dear Chairman Davis:

The Maryland Building Industry Association (MBIA), representing 100,000 employees of the building industry across the State of Maryland, supports House Bill 956 (Labor and Employment - Wage Payment and Collection - General Contractor Liability).

This measure specifies that a general contractor on a project for construction services is jointly and severally liable for violations of the Maryland Wage Payment and Collection Law committed by a subcontractor only if the employee notifies the general contractor in writing that a violation occurred, and the general contractor failed to cure the violation within 30.

Current law makes a general contractor on a construction project jointly and severally liable for violations of the Maryland Wage Payment and Collection Law committed by a subcontractor, regardless of whether the subcontractor is in a direct contractual relationship with the general contractor. Current law also requires a subcontractor to indemnify a general contractor for any wages, damages, interest, penalties, or attorneys' fees owed as a result of the subcontractor's violation, unless indemnification is provided for in the general contractor/subcontractor contract.

This law, passed in 2018, was a significant expansion of general contractor liability. This proposed measure would help to more fairly balance the liability between general contractors and subcontractors by requiring notice to the general contractor. This notice requirement would assist in reducing the overly-burdensome liability of general contractors whose subcontractors violate the Law by giving them an opportunity to cure the violation before the violation is reported.

MBIA respectfully requests the Committee give this measure a favorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: House Economic Matters Committee Members