



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 1097 – MARYLAND WAGE AND HOUR LAW AND MARYLAND WAGE PAYMENT
AND COLLECTION LAW – REVISIONS

MARYLAND WAGE PROTECTION ACT

TESTIMONY OF DELEGATE LORIG CHARKOUDIAN
MARCH 3rd, 2020

Chair Davis, Vice Chair Dumais, and Members of the Economic Matters Committee,

In recent years, Maryland has made some advancements to ensure that workers can earn an honest day's pay for an honest day's work. However, we must ensure that these bedrock rights are a reality for every worker in our state. By far, the vast majority of employers in Maryland conduct law-abiding practices, but those who do not, undermine employer protections and place honest businesses at a competitive disadvantage. For far too many workers, loopholes in the law mean that when wage theft occurs, they have no protection.

Three loopholes undermine the protections of Maryland's Wage and Hour Law and Wage Payment and Collection Law: (1) wage violations masked by paystubs that have little information; (2) unclear distinctions between an employee and an independent contractor; and (3) insufficient protections from retaliation.

These loopholes mean that employees often stay silent, even if it means losing wages, or they may not have any way of knowing they've been paid properly or if taxes were withheld, or they might be misclassified, thus denying them earnings and the state tax revenues.

HB1097, the Maryland Wage Protection Act gets back to basics by closing these loopholes. It will: (1) promote transparency by requiring that paystubs contain information showing how pay was calculated, such as hours worked, pay rate, and overtime; (2) clarify that employees are broadly protected by wage laws while independent contractors (people who are in business for themselves) are not; and (3) protect employees from retaliation so that victims of wage theft can enforce their right to be paid without fear of being fired, losing hours, or being threatened. For reference, I've attached a chart to my testimony that outlines the issues, existing legislation, and how this proposed legislation addresses the gaps.

Finally, the bill will also fix a loophole in the Wage Payment and Collection Law (WPCL). Our wage laws are designed to ensure that low-wage workers with smaller claims can find an attorney by allowing the attorney to request an award of fees paid by the employer if they show a violation. However, the WPCL adds an additional hurdle that makes it harder for low-wage

workers to find attorneys. The WPCL says the worker must not only show the law was violated, but *also* show that the employer also did not have a good faith reason for the violation. This additional hurdle is inconsistent with the policy of promoting access to counsel for smaller claims.

Together, these protections ensure that Maryland's wage laws are properly followed, and that all Marylanders can work with dignity, not just in theory but in practice.

I respectfully request a favorable report on HB 1097.