



P.O. BOX 8 – HOLLYWOOD, MD 20636
301-373-2131
800-479-4120
FAX 301-373-3012

POSITION: UNFAVORABLE

Testimony Concerning HB839 Establishing a Family & Medical Leave Insurance
Program

Submitted to the House on February 24, 2020

Burch Oil Company Inc. opposes HB 839, which would require employers and employees to contribute equally to a fund that would allow for paid time off for up to 12 weeks. This leave can be used 1) to care for a child during the first year after the child's birth or after the placement of the child through foster care or adoption; 2) to care for a family member with a serious health condition, 3) because the employee has a health condition that results in their being unable to perform the functions of their job, 4) to care for a service member who is the employee's next of kin, or 5) because the employee has an exigency arising out of the deployment of a service member who is a family member.

Burch Oil's payroll and payroll tax expense has increased approximately \$ 20,000 with the implementation of the new hourly wage rate from 2018 to 2019. Burch has also incurred another \$ 85,000 payroll expense from the safe and sick leave mandate requirement. The projected expense for the Family and Medical Leave tax is \$ 50,000. There will also be a burden placed on the company to provide the reporting and administration of this fund.

This will be an added tax on employees who were just promised a \$ 15.00 an hour pay because it was determined that minimum wage employees did not make enough to support a decent living. This tax would reduce their take home pay which thus contradicts why the new minimum wage law was passed.

A recent BLS report based on the American Time Use Survey shows that of all workers who took paid or unpaid leave for any reason, less than 10% took the leave for family illness or childcare purposes. This represents approximately 2% of all wage and salary earners.

Data from the New Jersey Department of Labor and Workforce Development survey revealed that many employees do not take leave or did not take it for the full allowed time because the maximum reimbursement was not enough to meet their financial needs.

From the studies done above the Family & Medical Leave Insurance Program would be an added burden and expense on employers, but more importantly an added tax on employees who will more than likely never take advantage of the leave because the payout would not be enough to sustain their standard of living. .

Melissa Farnon
Controller

Sheri Davis
Vice President

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