

February 27, 2020

The Honorable Senator Delores G. Kelley
Chair, Finance Committee
3 East Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

Finance Committee, SB 539, February 27, 2020, 1 pm

Dear Chair Kelley and Members of the Committee:

The Washington County Chamber of Commerce, on behalf of our more than 575 members, representing over 40,000 employees, opposes SB 539, Labor and Employment - Family and Medical Leave Insurance Program – Establishment. Following are just a few of our concerns:

1. The bill establishes the FAML I Fund, which will consist of contributions from employees, employers and self-employed individuals. The cost to employers presents additional financial strain to already burdened businesses. Mandated employer contributions are an additional financial demand that small businesses and nonprofits simply cannot afford, particularly given the layering of other employer mandates like sick and safe leave and the \$15 minimum wage legislation that Maryland has recently implemented.
2. The definitions contained in the bill language are far broader than what are outlined by FMLA, making it complex and challenging to administer and comply with two vastly different sets of definitions for eligibility.
3. The bill does not clarify whether or not this program is meant to provide wage replacement for leave to which an employee is already entitled, or if it is meant to apply to a separate bank of leave, leaving the door open to the possibility that an employee could be eligible for up to 24 weeks of paid leave. Having an employee out for that length of time presents innumerable challenges for a business in terms of productivity and for the other employees who are left to fill in the gaps.
4. This is not a predictable benefit like sick and safe leave; not all employees can plan for or predict a benefit they may never use.
5. Finally, this legislation is premature. Only five states have passed a related law. Each is different from the other. One state, Massachusetts, faced challenges resulting in delayed implementation and technical amendments. Two states fund the paid leave through a tax on employees only, including California. Let's not add to the patchwork of state laws with which multistate employers must comply. Congress currently has at least four paid

family leave bills pending. Let's work to shape a uniform, paid family leave program administered at the federal level.

For these reasons, and many more presented by other opponents of this legislation, the Washington County Chamber of Commerce opposes SB 539, Labor and Employment - Family and Medical Leave Insurance Program – Establishment, and we ask for an UNFAVORABLE report from the Finance Committee.

Sincerely,

A handwritten signature in blue ink that reads "Paul Frey". The signature is written in a cursive style with a large initial "P" and a long, sweeping underline.

Paul Frey, IOM
President and CEO