



LEGISLATIVE POSITION:

Favorable

House Bill 420

Employers of Ex-Offenders—Liability for Negligent Hiring or Inadequate Supervision—Immunity

House Economic Matters Committee

Wednesday, February 3, 2021

Dear Chairman Davis and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 4,500 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

Over the course of the last several years, through our Maryland Chamber Foundation, the Maryland Chamber of Commerce has been actively engaged in seeking ways to address the challenges faced by the ex-offender community as these individuals prepare for and seek employment post-incarceration. We believe that addressing the challenges faced by those seeking re-entry and finding pathways to employment for the previously incarcerated is socially responsible. It also represents a tremendous workforce and cost savings opportunity for Maryland. The U.S. unemployment rate continues to be remarkably low; however, millions of jobs remain unfilled. We believe that one way to fill that gap is through helping formerly incarcerated individuals re-enter the workforce and rebuild their lives.

Many studies have shown that sustainable employment reduces rates of recidivism. According to a 2015 report by the Manhattan Institute, there was a 20 percent reduction in return to crime by non-violent offenders who had found employment. The study further found that the sooner ex-offenders are employed, the less likely they will commit future crimes resulting in further jail and prison time.¹ However, 75% of former inmates find themselves still looking for a job a year after being released from prison, and this is often due to stigma.²

Employers take on a great amount of risk when they hire any employee. This risk increases when they decide to hire an ex-offender since, under current law, an employer can be held liable if that individual commits a crime while on the job. Though these types of lawsuits are infrequent,

¹ Aaron Yelowitz and Christopher Bollinger, "[Prison-to-Work: The Benefits of Intensive Job-Search Assistance for Former Inmates](https://www.manhattan-institute.org/html/prison-work-5876.html)," Manhattan Institute, March 26, 2015, <https://www.manhattan-institute.org/html/prison-work-5876.html>

² Thomas J. Donohue, "America's Hidden Workforce," U.S. Chamber of Commerce, July 15, 2019, <https://www.uschamber.com/series/above-the-fold/america-s-hidden-workforce>

the risk remains, and the financial impact of litigation stands to have crippling effects, particularly on small businesses.

House Bill 420 would establish that employers in specified industries are not liable, under certain circumstances, for negligently hiring or failing to adequately supervise an employee who has a criminal background.

Based on existing case law and fear of litigation, many employers presently avoid hiring ex-offenders. We believe that this legislation represents one pathway to mitigating employer concerns, reduces an existing barrier and would result in an increase in employment opportunities for those seeking re-entry post-incarceration.

For these reasons, the Maryland Chamber of Commerce respectfully requests a **Favorable Report** on House Bill 420.

