



February 5, 2021

To: House Economic Matters Committee

From: MidAtlantic Farm Credit

Bill: HB 581 – Labor and Employment – Employment Standards During an Emergency (Maryland Essential Workers’ Protection Act)

Position: OPPOSE

MidAtlantic Farm Credit is a member-owned cooperative supporting rural communities and agriculture with reliable, consistent credit and financial services in good times and bad. Headquartered in Westminster, MD, we are one of the largest agricultural lenders on the East Coast with nearly \$2.9 billion dollars in loans outstanding to over 11,500 member-owners representing the full range of agriculture throughout our five-state territory.

This far-reaching measure would create a number of new burdensome employer mandates and costs including hazard pay, financial assistance for healthcare costs, and universal health and bereavement leave, for applicable Maryland businesses. After many businesses struggled to remain open for business, maintain payroll (at the urging of elected leaders, but more importantly out of a commitment to their staff), physically alter workplaces to ensure employee safety, and pay for their PPE out of their own pockets, the proponents of this measure have deemed their efforts insufficient. In fact, the tone of the bill seems punitive.

As a member-owned cooperative whose customers consist of a wide range of farming, agribusiness, and farm-related service businesses, many of our member-owners are deemed essential employers under this bill. One of the most concerning provisions of the bill is the retroactive \$3/hr hazard pay for which employers would be responsible. With supply chain disruptions, volatile markets for crops and livestock, and the loss of many large and/or institutional customers (schools, universities, restaurants, etc.) Maryland’s farm, food, and agribusinesses struggled to maintain production and payroll through the worst of the pandemic (and many still are). Maryland’s farmers never stopped producing during the pandemic and now, if this legislation were to succeed, the General Assembly would essentially punish them for doing their part to try and minimize food shortages at a time when we saw unprecedented food insecurity across Maryland and the entire country. Farm stands and markets that filled the void left behind when supply chain disruptions left many grocery store shelves bare were lauded by their communities for ensuring access to food in a setting made safe for employee and customer alike. They too would be punished for such actions by this bill.

In addition to the onerous hazard pay proposal, this bill would also require financial assistance for unreimbursed healthcare costs to an essential worker if the sickness or injury is related to the emergency, but does not require the employee to prove said injury/illness was contracted at the



workplace. This creates an unfair imbalance between employer provided health/safety precautions at the workplace and liability for an employee's actions while off the clock.

The new leave requirements in the bill add to its burdensome nature, mandating paid 3-day bereavement and 14-day health leave with little, if any, required linkage to the declared emergency. Similarly, the bill's right to refuse to work provision allows for the employee to make such a decision with no mechanism for the employer to address abuse of this policy or obtain verification.

Essential employers would also be required to develop a health emergency plan, to be reviewed annually and submitted to MEMA. Essential employers are currently adhering to guidelines and protocols established by the CDC, MD Department of Health, and other qualified agencies. Health professionals, who are experts in their field, created those guidelines and a major concern for many businesses is that if they submit their proposed plan in good faith, it will likely be deemed to have fallen short of MEMA's expectations, and they would be subject to penalty.

Perhaps most concerning about the measure is that applicability of the bill's provisions go far beyond the global pandemic we continue to battle and would potentially encompass any occurrence/situation deemed an emergency by state or local officials. To date, Maryland remains under a State of Emergency due to the COVID-19 pandemic and no one knows when that designation will be lifted. Once we move past the pandemic, the specter of being retroactively liable for hazard pay during a winter storm, hurricane, civil unrest, presidential inauguration, etc. would have a chilling effect on employee retention, let alone business expansion, during this and future economic downturns.

It is unfortunate that as Maryland farms and agribusinesses continue to struggle through this global health crisis and related economic volatility, they may now be confronted with punitive measures because they persevered, stayed open for business, maintained payroll, and did all they could to ensure a safe environment for their employees and customers.

Farmers compete in the local, state, regional, and global marketplace and many of the provisions in this bill would dramatically reduce their ability to compete and impact the profitability and viability of agriculture and food production in this State. We would urge serious consideration of the wide-ranging negative implications this bill would have on so many Maryland businesses.

On behalf of our member-owners throughout the state, **MidAtlantic Farm Credit OPPOSES HB 581** and urges an **UNFAVORABLE** Report.

For more information, please contact Kurt Fuchs at 443-786-0855 or kfuchs@mafc.com.