

MHLA
Maryland Hotel
Lodging Association

**HB 581 - Oppose
Employment Standards During an Emergency
(Maryland Essential Workers' Protection Act)
Economic Matters / Appropriations
February 5, 2021**

Dear Chairman Davis and Members of the Committee:

As the sole statewide trade association dedicated to advocacy for Maryland's lodging industry, with more than 700 hotels totaling 75,000+ rooms, we urge an unfavorable report on HB 581.

Being in the business of hospitality, hotel employees are our greatest asset. Early on in the pandemic, Safe Stay Guidelines were created by an advisory council comprised of leaders from all segments of the hotel industry, in accordance with CDC recommendations and insights from leading health and cleaning experts. The industry was quick to adapt and embrace these guidelines, taking steps to protect both our employees and guests. We recognize the critical role we play in helping reduce the spread of COVID-19, while serving our communities and housing other essential personnel, such as healthcare workers and first responders, throughout this pandemic.

While well-intentioned, this proposed statute has the potential to further cripple Maryland's lodging industry at a time when we are desperately trying to stay afloat. The lifeline provided by relief from lenders and the federal government is the reason many hotels have barely survived so far. 2020 was the most devastating year on record for hotels, resulting in historically low occupancy, massive job loss, and hotel closures.

- Statewide occupancy in Maryland was 43% in 2020, which is down 34% over 2019, and is **below the threshold at which hotels can break even and pay debt**. Hotels have been operating in the red throughout this pandemic!
- Statewide room revenue was down 50% in 2020 vs. 2019. This does not include additional revenue lost as a result of cancelled banquets, meetings, conventions, etc.
- Maryland sales and use tax collections attributable to full-service hotels (Category 111) was down 64% for April - November 2020 vs. 2019. Overall sales and use tax collection attributable to lodging for the same period was down nearly 53%. (See Addendum A)
- According to BLS, the accommodations sector faces an 18.9% unemployment rate as of December 2020. **Maryland hotels were forced to shed 10,000 jobs in the first ten 10 months of the pandemic, eliminating 10 years of growth in**

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hotel employment numbers. (See Addendum B) Hotel staffing levels are not expected to return to pre-pandemic levels until at least 2023¹.

Setting aside our concern with ANY additional operational expense at a time when our industry is operating at a loss, we are especially concerned by the following:

- 1) The proposed statute is unclear as to what constitutes an “essential employee”.
- 2) The “hazard pay” is indiscriminate – risks are varied across industries and in positions within a company. For example, someone working in the accounting office or remotely making room reservations, does not have any contact with the public, and therefore should not be classified as an essential worker for the purposes of this bill.
- 3) Hazard pay will be difficult if not impossible to calculate both going forward and retroactively (e.g., how do you provide \$3.00/hour hazard pay for exempt employees who make less than \$100,000/year?). If applied retroactively, companies do not have time records for exempt employees such that they can make this calculation.
- 4) “Hazard pay” is unfairly and unjustly imposed retroactively. See section 3-1609(A)(2) on page 17. Many hotels have already done their best to provide extra compensation in some form or fashion to express appreciation to employees. When feasible this may be done through extra pay, comp time, bonuses, and other non-monetary ways to show employees appreciation.
- 5) Fines are vague – the statute lacks clarity as to application and decision making.
- 6) Holding an employer accountable for reduced “mental distress” in the workplace is highly subjective.
- 7) It is unreasonable for employers to reimburse health care costs related to “the emergency” that could also be contracted outside of the workplace.

With hotels facing the worst economic crisis on record, this legislation jeopardizes small business hotel owners who could not afford to implement it and keep their doors open. It will force Maryland hotels to shut down, putting many at risk of closing permanently and leading to more hotel jobs lost forever.

¹ AHLA’s State of the Lodging Industry 2021 Report, p. 5
<https://www.ahla.com/sites/default/files/2021%20State%20of%20the%20Hotel%20Industry.pdf>

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Prior to the pandemic, Maryland hotels (directly and indirectly) supported nearly 100,000 jobs, \$5 billion in wages and salaries, and \$1 billion to State and Local tax coffers.²

We urge you to reject this legislation and prevent further job loss and hotel closures. The economic implications of this mandate would cause immense harm to our industry, and slow down economic recovery for the state. Please give HB 581 an unfavorable report.

Respectfully submitted,

Amy Rohrer, CAE
President & CEO

² AHLA: Maryland's Hotel Industry, by the Numbers
<https://ahla.morningconsultintelligence.com/states/maryland/>

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Addendum A:

Data from Maryland Comptroller

Maryland State	April to November 2020 (8 Months)			
TOTAL SALES AND USE TAX COLLECTIONS ATTRIBUTABLE TO TOURISM				
Sales Tax Category		April to November 2020 (\$)	April to November 2019 (\$)	Percent Change
108 Restaurants, Lunchrooms, Delicatessens - WO/BWL		\$260,947,356	\$307,846,202	-15.2%
111 Hotels, Motels Selling Food - W/BWL		\$9,868,208	\$27,389,672	-64.0%
112 Restaurants and Nite Clubs - W/BWL		\$145,120,182	\$202,602,862	-28.4%
306 General Merchandise		\$263,257,655	\$267,130,527	-1.4%
407 Automobile, Bus and Truck Rentals		\$40,582,381	\$57,726,174	-29.7%
706 Airlines - Commercial		\$103,360	\$223,608	-53.8%
901 Hotels, Motels, Apartments, Cottages		\$52,221,700	\$103,939,084	-49.8%
925 Recreation and Amusement Places		\$3,768,761	\$7,020,519	-46.3%
Tourism Tax Categories Subtotal		\$775,869,602	\$973,878,648	-20.3%
All Categories - Subtotal		\$3,470,831,185	\$3,848,836,592	-9.8%
<i>Lodging Subtotal</i>		\$62,089,908	\$131,328,756	-52.7%
<i>Restaurant Subtotal</i>		\$406,067,538	\$510,449,064	-20.4%

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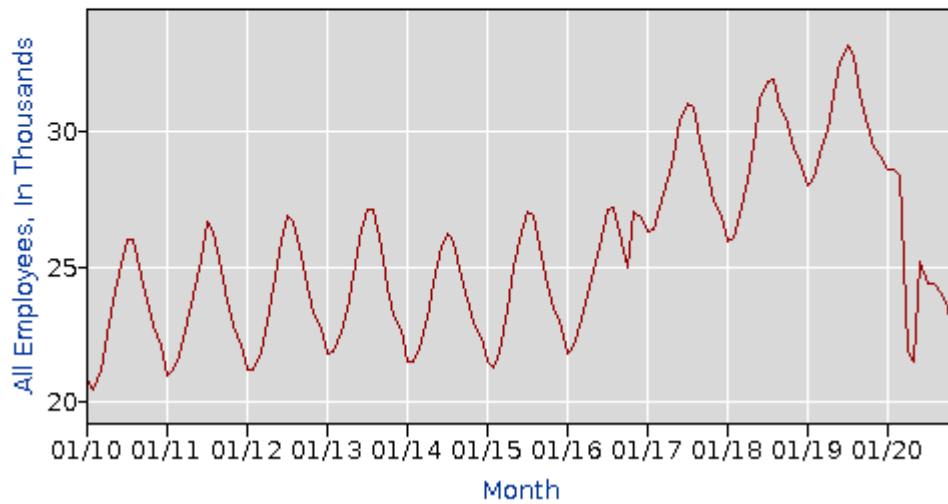
Addendum B:

Data from U.S. Bureau of Labor Statistics

(<https://data.bls.gov/timeseries/SMU24000007072100001>)

State and Area Employment, Hours, and Earnings

Series Id: SMU24000007072100001
 Not Seasonally Adjusted
State: Maryland
Area: Statewide
Supersector: Leisure and Hospitality
Industry: Accommodation
Data Type: All Employees, In Thousands



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010	20.8	20.5	21.2	22.5	23.7	25.1	26.0	26.0	24.7	23.7	22.8	22.1
2011	21.0	21.2	21.7	23.0	23.9	25.3	26.7	26.3	24.9	23.7	22.8	22.1
2012	21.2	21.2	21.9	23.0	24.2	26.0	26.9	26.7	25.4	24.3	23.3	22.7
2013	21.8	21.9	22.6	23.4	24.7	26.4	27.1	27.1	25.7	24.2	23.2	22.7
2014	21.5	21.5	22.0	23.1	24.4	25.8	26.2	25.9	24.6	23.8	22.9	22.4
2015	21.5	21.3	21.9	23.4	25.0	26.0	27.0	26.9	25.4	24.3	23.4	23.0
2016	21.8	22.1	22.8	23.9	24.9	26.1	27.1	27.2	25.9	25.0	27.0	26.8
2017	26.3	26.4	27.2	28.2	29.1	30.4	31.0	30.9	29.3	28.5	27.4	26.8
2018	25.9	26.1	26.9	28.2	29.5	31.2	31.8	31.9	30.9	30.3	29.3	28.9
2019	28.0	28.3	29.2	30.1	31.4	32.6	33.2	32.8	31.3	30.2	29.4	29.1
2020	28.6	28.6	28.4	21.9	21.5	25.2	24.4	24.4	24.1	23.5	21.8	21.1(P)

P : Preliminary