Maryland Hotel
Lodging Association

SB 727 – OPPOSE
Maryland Healthy Working Families Act – Revisions and Public Health Emergency Leave
Finance Committee – March 17, 2021

Dear Chairwoman Kelley and Members of the Committee:

As the sole statewide trade association dedicated to advocacy for Maryland's lodging industry, we urge an unfavorable report on SB 727.

In recent years, Maryland employers have implemented paid sick and safe leave as required by the Maryland Healthy Working Families Act, and are also phasing in increased wages due to Maryland's pending $15 minimum wage. The pandemic has compounded our challenges as hotel employers, working to balance the needs of sustaining our business with the equally important need of protecting our employees and guests from COVID-19, at a time when the demand for hotel rooms and meeting space has been drastically reduced.

SB 727 would:

1) **Permanently broaden existing paid sick and safe leave** by expanding the definition of a family member and removing the exemption for temp workers;
2) **Add additional paid leave during a public health emergency,** resulting in an additional 112 hours of paid leave for full-time employees and an equivalent calculation for part-time employees; and
3) **Create different administrative requirements for paid leave to be administered during a public health emergency, and 3 weeks following its termination**. The usual waiting period of 106 days of employment before an employee may take leave would be waived (§3–1304(c)(4)), and an employer's ability to request verification of after two missed shifts would also be waived (§3–1305 (g)).

If passed, SB 727 would place an unreasonable burden on employers at a time when hotels are operating with significantly reduced staffing levels. In the first ten months of the pandemic, hotels in Maryland were forced to shed 10,000 jobs, eliminating 10 years of employment growth in the state's lodging sector. According to BLS, hotels continue to lose jobs, with the sector's unemployment rate at 23.1% as of January 2021. Any paid reductions to already reduced staffing levels simply cannot be covered or absorbed.

The federal government has acknowledged the drastic impact of COVID-19 on lodging businesses, allowing for hotels to apply for two rounds of PPP funding. The second round even allowed hotels to calculate funding at a higher rate than other industries, using 3.5x average monthly payroll expense versus 2.5x for most other types of businesses. These loans are a mechanism to help hotels extend their existence and bridge the gap until economic recovery takes place. Any additional

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expenses at this time will only shorten the lifeline that has been extended to us, and increase the likelihood of additional defaults, closures and/or loss of jobs within the hotel industry.

Furthermore, the allowance for additional paid leave as created by this bill, to be used three weeks beyond the termination of the public health emergency, is counter intuitive to a return to “normalcy”. This scenario creates the potential for hotels to be extremely short-staffed, right at the moment when operations can ramp back up and business can truly begin to move forward in recovery from a pandemic or other health emergency.

Hotels are extremely concerned by the policies proposed in SB 727, and we urge an unfavorable report by the Committee.

Respectfully submitted,

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