



**Maryland Joint
Legislative Committee**

The Voice of Merit Construction

February 8, 2022

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TO: FINANCE COMMITTEE
FROM: ASSOCIATED BUILDERS AND CONTRACTORS
RE: S.B. 224 – EMPLOYMENT STANDARDS AND CONDITIONS –
DEFINITION OF EMPLOYER
POSITION: OPPOSE

Associated Builders and Contractors (ABC) opposes S.B. 224 which is before you today for consideration. This bill as written, proposes to add a general and overly broad definition of “employer” for purposes of certain provisions of Maryland law relating to employment standards and conditions.

As it relates to the construction industry, the proposed definition of “employer” would include those who “act directly or indirectly in the interest of another employer with an employee.” This broad definition of “employer” would encompass practically any relationship between a general contractor and a subcontractor or between a subcontractor and a sub-subcontractor. The proposed definition of “employer” would even include the relationship between a general contractor and any subcontractor at any tier, even those sub-subcontractors with whom the general contractor has no contractual or daily relationship. To put it another way, under the proposed definition, a general contractor would be considered an “employer” of a subcontractor’s or a lower-tier subcontractor’s employees (and similarly, a subcontractor would be considered an “employer” of a lower-tier subcontractor’s employees).

The proposed legislation would subject the general contractor and their subcontractors to liability for the failure of their subcontractors at any tier to pay their employees, which includes treble damages and attorneys’ fees. The proposed legislation would also subject general contractors and their subcontractors to liability for the failure of their subcontractors at any tier to comply with, among other things, equal pay and paid leave laws.

While the construction industry believes strongly in an employee’s right to fair pay and employment benefits, the proposed legislation seeks to implement an overly broad definition of “employer.” This overly broad definition will, in turn, subject law-abiding employers to vicarious liability for any employment law violations of a bad actor employer regardless of whether the first employer has any direct connection or control over the bad actor.

For these reasons, and on behalf of the over 1,500 ABC members in Maryland, we respectfully request an unfavorable report on S.B. 224.

Marcus Jackson, Director of
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