



**MARYLAND
LEGAL AID**

Advancing
**Human Rights and
Justice for All**

**House Bill 385
In the Economic Matters Committee – Wage Payment and Collection
– Pay Stubs and Pay Statements – Required Information
Hearing on January 31, 2024
Position: FAVORABLE**

Maryland Legal Aid (MLA) submits its written and oral testimony on HB 385 in response to a request from Delegate Long.

Maryland Legal Aid (MLA) is the largest non-profit law firm in the State of Maryland and represents low-income individuals in wage theft cases through its administrative law unit and its migrant farmworkers project. HB 385 would require that employers include additional information on their pay advices provided to their workers such as: dates of work covered by the pay period, number of hours worked, rate of pay, and the amount and purpose of all deductions. It would also allow workers to file either an administrative complaint with the Department of Labor or a lawsuit against employers that do not provide this information to their workers.

Currently, Maryland law only requires that pay advices include gross earnings and deductions. Some employers use this lack of a disclosure requirement as a way to cheat employees out of their earned wages. For example, an employer may lump together all of their compensation on a pay advice, making it nearly impossible for an employee to figure out their wage rate or if they are being paid correctly, especially for overtime.

During my years of practice, I have seen several real-life examples of how the lack of information can be used as a mechanism to deny workers their rightly-earned wages. I have worked on several cases in the past where the owners of a company set up several LLCs for several of the companies that they owned, and used different LLCs to pay different workers. This causes confusion for the worker to know who is paying them and who they are really working for, and can make it difficult for workers to make sure that they are being paid the correct amount for the work that they are doing. HB 385 would make it much more clear to workers who they were working for in a given period and how much they were owed.

In addition, I have experience in a case where workers with limited English were placed in a situation where the contractor set up a structure where the workers were not his workers, but the workers of a subcontractor. Then, when the workers were not paid, the contractor and the subcontractor said the other was responsible for the wages and the payroll, and the workers were unsure which person they were supposed to go to with their pay issues. HB 385 would make it easier for immigrant workers to know who was supposed to be paying them, what they were being paid for, and if they received the compensation that they were entitled to.

Finally, there is a great deal of abuse in the hospitality and restaurant industry in regard to overtime and compensation because these workers, due to tips, can be paid less than the minimum

wage. Years ago, I worked on a lawsuit against restaurant where the owner of the restaurant was stealing the workers tips without their knowledge. By being forced to disclose to workers what they earned by category, HB 385 would take steps toward alleviating the problem of wage theft in the restaurant and hospitality industry.

Because HB 385 requires employers to provide more information as to how and how much they are being paid, MLA urges a favorable report on HB 385. If you need additional information in regards to this bill, please contact William Steinwedel at wsteinwedel@mdlabor.org and (410) 951-7643.

/s/William F. Steinwedel

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