



## House Bill 1503

### *State Personnel - Paid Family and Medical Leave*

MACo Position: **SUPPORT WITH  
AMENDMENTS**

To: Appropriations Committee

Date: March 12, 2025

From: Michael Sanderson

The Maryland Association of Counties (MACo) **SUPPORTS HB 1503 WITH AMENDMENTS**. This bill nominally alters the application of the pending Family and Medical Leave Insurance (FAMLI) Program for State employees. Counties, recognizing that a proposed time change to the program is imminent (though not yet a part of HB 1503), seek clarifying amendments. Counties hope to work with legislators – through this bill or any other relevant legislation – to ensure that employers who pursue the currently authorized option to offer comparable benefits through a private offering (which nearly every local government expects to pursue) can avoid being needlessly burdened by early withholding obligations.

In recent months, as the State approached the implementation dates of the FAMLI program, local governments and other employers were notified of the State’s intention to require them to collect payroll contributions toward the eventual State-run program, even if they were pursuing a private plan under the law. This news created panic and confusion as local governments are already facing shaky revenue forecasts and the uncertainty around State cuts and shifts – and were bracing for an additional payroll cost for the fiscal year ahead, despite not participating in the State program.

Whether via HB 1503, which makes other relevant refinements to the proposed FAMLI program, or through another means, the State now appears ready to defer the program implementation. This should create sufficient time for both the Department of Labor and the Maryland Insurance Administration to manage the approval process for viable private plans, to get them approved and to avoid this needless early expense on those employers.

MACo’s amendments, drafted to HB 1503, should be adopted to this bill, or the applicable legislation that ultimately becomes the vehicle to alter the program timetable. The State has ample means with its local governments and their supported entities (like libraries, or community colleges) to address any shortfalls in contributions if their private plan arrangements were to erode. Counties want to work with the State to ensure a smooth and effective implementation of the FAMLI program, but to achieve that goal, the State should adopt these amendments. Without these changes, local governments risk being in the same uncertain and costly position 18 months from now.

Maryland’s FAMLI program requires an additional window to properly implement, according to State agency leadership. HB 1503, or another bill suitable to that task, should not only alter the timing references in current law, but also create assurances for employers who have viable private plans to achieve this outcome. Accordingly, MACo urges a **FAVORABLE WITH AMENDMENTS** report for **HB 1503**.

**MACo-supported Amendments to House Bill 1503**  
(First Reading File Bill)

AMENDMENT NO. 1

Purpose paragraph changes

AMENDMENT NO. 2

On page 10, after line 5, insert:

“Article- Labor and Employment

§1–101.

- (a) In this article the following words have the meanings indicated.
- (b) “County” means a county of the State and, unless expressly provided otherwise, Baltimore City.
- (c) “Governmental unit” means:
  - (1) the State;
  - (2) a county, municipal corporation, or other political subdivision of the State; or
  - (3) a unit of the State government or of a political subdivision.

§8–101.

- (a) In this title the following words have the meanings indicated.
- (q) “Governmental entity” means:
  - (1) a governmental unit as defined in § 1–101 of this article; or
  - (2) an instrumentality of:
    - (i) 1 or more states;
    - (ii) 1 or more political subdivisions of a state; or
    - (iii) 1 or more states and political subdivisions of states.

§8.3–101.

- (a) In this title the following words have the meanings indicated.
- (k) “Governmental entity” has the meaning stated in § 8–101 of this article.

**(K-1) “GOVERNMENT-SUPPORTED ENTITY” INCLUDES A LOCAL BOARD OF EDUCATION, BOARD OF COMMUNITY COLLEGE, LIBRARY BOARD, OR OTHER EMPLOYER ENTITY CREATED BY A GOVERNMENTAL ENTITY AND PERFORMING A PUBLIC SERVICE AT THE DIRECTION OF, OR IN COORDINATION WITH, ONE OR MORE GOVERNMENTAL ENTITIES.**

§8.3–705.

(a) (1) An employer authorized by the Secretary may satisfy the requirements of this title through a private employer plan consisting of employer–provided benefits or insurance through an insurer that holds a certificate of authority issued by the Maryland Insurance Commissioner if the private employer plan is provided to all of the employer’s eligible employees and meets or exceeds the rights, protections, and benefits provided to a covered employee under this title.

(b) (1) A private employer plan shall be filed with the Department for approval.

(2) (i) The Secretary shall establish reasonable criteria for determining which employers are authorized to meet the requirements of this title through employer–provided benefits.

(ii) The criteria established under subparagraph (i) of this paragraph may include the employer’s:

1. number of employees;
2. capitalization;
3. bondedness; and
4. status as a government employer.

(3) The Department may adopt regulations that establish reasonable application and application renewal fees for private employer plans under this section.

(c) An employer that provides covered employees with a private employer plan and an employee that is covered by a private employer plan are exempt from the contributions required under Subtitle 6 of this title.

(d) An employer that provides a private employer plan may not deduct from an employee more than 50% of the contribution amount set by the Department under § 8.3–601(b) of this title.

**(E) THE DEPARTMENT OF LABOR AND THE MARYLAND INSURANCE ADMINISTRATION SHALL ENSURE, THROUGH REGULATION OR ADMINISTRATIVE PRACTICE, THAT:**

**(1) AN EMPLOYER OR GROUP OF EMPLOYERS WITH A TIMELY SUBMISSION OF A PRIVATE EMPLOYER PLAN UNDER THIS SECTION SHALL RECEIVE A FORMAL APPROVAL OR REJECTION OF THAT PLAN IN A TIMELY FASHION, BUT NO LATER THAN MARCH 1, 2026 FOR AN APPLICATION SUBMITTED BY JANUARY 1, 2026.**

**(2) AN EMPLOYER OF GROUP OF EMPLOYERS RECEIVING DEPARTMENT APPROVAL FOR A PRIVATE EMPLOYER PLAN UNDER THIS SECTION SHALL NOT BE REQUIRED TO WITHHOLD A PAYROLL CONTRIBUTION UNDER THIS SUBTITLE UNTIL THE COMMENCEMENT OF THE PRIVATE PLAN BENEFITS COMMENCING ON OR BEFORE JANUARY 1, 2028.**

**(3) FOR AN EMPLOYER OTHER THAN A GOVERNMENT ENTITY OR GOVERNMENT-SUPPORTED ENTITY, THE DEPARTMENT MAY ESTABLISH REASONABLE MEANS TO ASSURE CERTAINTY OF PAYMENT TOWARD THE FAMILY AND MEDICAL LEAVE INSURANCE PROGRAM IN THE EVENT OF AN EMPLOYER’S OR INSURER’S INABILITY TO FULLY ESTABLISH THE APPROVED PRIVATE EMPLOYER PLAN.**

**(F) NOTWITHSTANDING OTHER PROVISIONS OF SUBSECTION (E ) OF THIS SECTION, THE DEPARTMENT MAY NOT OBLIGATE A GOVERNMENT ENTITY OR GOVERNMENT-SUPPORTED ENTITY NOR A GROUP OF GOVERNMENT ENTITIES OR GOVERNMENT-SUPPORTED ENTITIES, WITH A TIMELY SUBMISSION OF A PRIVATE EMPLOYER PLAN UNDER THIS SECTION, TO COLLECT AND ESCROW EMPLOYEE OR EMPLOYER CONTRIBUTIONS TOWARD THE FAMILY AND MEDICAL LEAVE INSURANCE PROGRAM FOR THE PERIOD FROM JANUARY 1, 2027 THROUGH JANUARY 1, 2028.**” .

*Explanatory note on dates above: with the run-up benefits timetable now presumably adjusted to Jan 27-Dec 27, local governments would need assurances before that fiscal year starts, so the March 26 deadline is late but workable for certainty that the jurisdiction’s budget for FY27 would not need to include a half-year of employer contributions.*

§8.3–601 et seq. – not in these amendments, but assumed to be part of the full bill

*Timetable changes as sought by Department, presumably setting contributions effective January 1 2027 and benefits effective January 1 2028. (other timing references in these amendments assume that extension of timing)*