



House Bill 1261

Date: February 27, 2025

Committee: House Economic Matters

Position: Unfavorable

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

House Bill 1261 (HB 1261) would prohibit an employer from acting in a manner, regardless of intent, that has a discriminatory effect against an individual unless the action is a legitimate business necessity and there was no other less discriminatory means of accomplishing that business necessity. Maryland law currently prohibits employers from discriminatory or retaliatory acts, and the Maryland Chamber is concerned that the broad effect of HB 1261 would result in many unintended, negative consequences.

While we appreciate the intent of HB 1261, HB 1261 would lead to strategic forum shopping where plaintiffs would choose the cause of action that provides the more favorable standard of proof – in this case, the Maryland Fair Employment Practices Act (MFEPA). In turn, this would also increase the number of cases brought in state courts (which only have limited experience with these types of complicated claims) that are not removable to federal court (where the judges do have a lot of experience with these claims).

The growing number of anti-DEI cases exposes employers to unfounded claims of bias that previously would have little to no purchase under existing laws. However, HB 1261 would open the door to more cases challenging policies by DEI movements. As a result, employers facing a higher number of lawsuits might adopt less flexibility in their workplace policies, eventually hindering diversity and inclusion efforts. This could also create a chilling effect on legitimate business practices. As such, the Maryland Chamber respectfully opposes HB 1261 to ensure that MFEPA continues to provide robust protections without creating unintended, negative consequences for employers and employees.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **Unfavorable Report** on **HB 1261**.

