



Senate Bill 539

Labor and Employment - Family and Medical Leave Insurance Program

February 27, 2020

Position: Oppose

Madame Chair and Members of the Senate Finance Committee:

The *Restaurant Association of Maryland* opposes Senate Bill 539, which would establish a Family and Medical Leave Insurance Program. This program would be funded through shared contributions by employees and employers.

Foodservice businesses are still struggling to absorb higher labor costs associated with Maryland's sick/safe leave mandate and the recent minimum wage law that phases in an increase to \$15/hour. Many foodservice businesses are also preparing to switch to costlier carryout food containers when the new polystyrene foam ban takes effect this summer. With a narrow average profit margin of 4 percent for our industry, every \$1,000 in increased costs requires at least \$25,000 in increased sales just to break even.

Our industry simply cannot afford piling on yet another mandate that increases the cost of doing business, particularly when we haven't had time to adjust to so many others. Moreover, we are concerned that employer contribution rates for this proposed program will eventually increase to maintain fund solvency as more employees take advantage of such a benefit.

During a recent meeting, one of our restaurant members with locations in the District of Columbia shared with us that a similar program recently took effect there through an employer payroll tax. However, we could not glean any information about the District of Columbia's experience because we understand that the program there has not yet started paying benefits. We also understand that several other states have recently enacted similar programs but have not yet started to pay benefits. It would be prudent for Maryland to evaluate such programs in other states after they are fully implemented before rushing to enact policy here that could be costlier than anticipated, and at the expense of employers.

For these reasons, we oppose this legislation and request an unfavorable report.

Sincerely,

Melvin R. Thompson
Senior Vice President
Government Affairs and Public Policy