



LEGISLATIVE POSITION:

Unfavorable

Senate Bill 224

**Labor and Employment - Employment Standards and Conditions - Definition of Employer
Senate Finance Committee**

Thursday, February 10, 2022

Dear Chairwoman Kelley and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,500 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery, stability and growth for Maryland businesses, employees, and families.

As introduced, SB 224 seeks to add a new but uniform definition of “employer” throughout certain areas of the State’s Labor and Employment Article. More specifically, SB 224 expands the definition of “employer” to include a joint employer but adding the language, “*a person who acts directly or indirectly in the interest of another employer with an employee.*”

It is the understanding of the Maryland Chamber and its members that SB 224 is adding new liability exposure to third party entities, such as employment agencies, subcontractors, and franchisors, for violations of Maryland Wage Payment and Collection Law (MWPCCL). The Chamber is extremely concerned about the potential impacts on Maryland businesses, particularly small businesses, resulting from the expanded liability exposure. Even more so during the current difficult economic conditions. Small businesses could be responsible for damages up to *three times higher* than backed wages owed because of SB 224.

The Attorney General’s office has shared an amended and simpler version of SB 224 with the Maryland Chamber. However, our concerns remain as the use of the language “*indirectly in the interest of another employer*” is extremely broad and could encompass a wide array of potential agents who could be construed to be acting on behalf of a Maryland business.

Finally, we have concern that changing these well-known and established definitions could result in employers suddenly finding themselves mired in lawsuits without ever being aware of the definition change.

Additionally, this bills cross-file (HB 299) was recently voted unfavorably in the House Economic Matters Committee. For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on **SB 224**.

