

HOUSE BILL 1130

K3

3lr2279
CF SB 758

By: **Delegate Barnes**

Introduced and read first time: February 8, 2013

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 16, 2013

CHAPTER _____

1 AN ACT concerning

2 **Labor and Employment – Lien for Unpaid Wages – Establishment**

3 FOR the purpose of requiring an employee to provide certain written notice to a
4 certain employer first in order to establish a lien for unpaid wages; authorizing
5 a certain employer to dispute a lien for unpaid wages by filing a certain
6 complaint in a certain circuit court in a certain manner; authorizing the
7 employer or employee to request an evidentiary hearing; requiring a circuit
8 court to make a determination on a claim to establish a lien for unpaid wages in
9 a certain manner; authorizing a circuit court to take certain actions; providing
10 for certain court costs and attorney's fees under certain circumstances;
11 specifying the manner in which a lien for unpaid wages may be established;
12 specifying the manner in which an employee may record a lien for unpaid
13 wages; requiring a lien for unpaid wages to be extinguished without prejudice if
14 it is not recorded within a certain period of time; requiring a lien for unpaid
15 wages to be released if certain payment is made or a certain bond is filed;
16 establishing the date by which a lien for unpaid wages takes priority over other
17 claims; providing that certain purchasers of certain property are deemed to
18 have constructive notice of a lien for unpaid wages under certain circumstances;
19 specifying the manner in which an order for a lien for unpaid wages shall be
20 enforced; requiring an action to enforce a certain order to be brought within a
21 certain period of time; prohibiting certain contracts from waiving or requiring
22 an employee to waive a certain right; specifying that a provision of a contract
23 that violates a certain provision of this Act is void; providing for the
24 construction of this Act; authorizing the Commissioner of Labor and Industry to
25 seek to establish a lien for unpaid wages on behalf of an employee; requiring the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Commissioner to adopt certain regulations; defining certain terms; and
2 generally relating to liens for unpaid wages.

3 BY adding to

4 Article – Labor and Employment

5 Section 3–1101 through 3–1110 to be under the new subtitle “Subtitle 11. Lien
6 for Unpaid Wages”

7 Annotated Code of Maryland

8 (2008 Replacement Volume and 2012 Supplement)

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
10 MARYLAND, That the Laws of Maryland read as follows:

11 **Article – Labor and Employment**

12 **SUBTITLE 11. LIEN FOR UNPAID WAGES.**

13 **3–1101.**

14 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
15 INDICATED.

16 (B) “EMPLOYER” INCLUDES A PERSON WHO ACTS DIRECTLY OR
17 INDIRECTLY IN THE INTEREST OF ANOTHER EMPLOYER WITH AN EMPLOYEE.

18 (C) “LIEN FOR UNPAID WAGES” MEANS A LIEN FOR THE AMOUNT OF
19 WAGES OWED TO AN EMPLOYEE AND PENALTIES AUTHORIZED UNDER THIS
20 TITLE OR OTHER PROVISIONS OF LAW AGAINST REAL OR PERSONAL PROPERTY
21 OWNED BY AN EMPLOYER AND LOCATED IN THE STATE.

22 (D) “WAGES” DOES NOT INCLUDE COMMISSIONS.

23 **3–1102.**

24 TO ESTABLISH A LIEN FOR UNPAID WAGES UNDER § 3–1104 OF THIS
25 SUBTITLE, AN EMPLOYEE SHALL FIRST PROVIDE WRITTEN NOTICE TO AN
26 EMPLOYER THAT:

27 (1) IS SERVED ON THE EMPLOYER WITHIN THE STATUTE OF
28 LIMITATIONS PERIOD UNDER § 5–101 OF THE COURTS ARTICLE;

29 (2) IS PERSONALLY SERVED IN ACCORDANCE WITH MARYLAND
30 RULE 2–121; AND

1 **(3) CONTAINS THE INFORMATION REQUIRED BY THE**
2 **COMMISSIONER UNDER § 3-1110 OF THIS SUBTITLE TO PROVIDE THE**
3 **EMPLOYER WITH ADEQUATE NOTICE OF THE WAGES CLAIMED AND THE**
4 **PROPERTY AGAINST WHICH THE LIEN FOR UNPAID WAGES IS SOUGHT.**

5 **3-1103.**

6 **(A) AN EMPLOYER MAY DISPUTE A LIEN FOR UNPAID WAGES BY FILING**
7 **A COMPLAINT IN THE CIRCUIT COURT FOR THE COUNTY WHERE PROPERTY OF**
8 **AN EMPLOYER IS LOCATED.**

9 **(B) A COMPLAINT FILED UNDER THIS SECTION SHALL:**

10 **(1) BE FILED WITHIN 30 DAYS AFTER NOTICE IS SERVED ON THE**
11 **EMPLOYER; AND**

12 **(2) INCLUDE:**

13 **(I) THE NAME OF THE EMPLOYER THAT OWES THE**
14 **EMPLOYEE THE WAGES AND THE NAME OF THE EMPLOYEE TO WHOM THE**
15 **WAGES ARE OWED;**

16 **(II) A COPY OF THE NOTICE TO ESTABLISH A LIEN FOR**
17 **UNPAID WAGES SERVED ON THE EMPLOYER UNDER § 3-1102 OF THIS SUBTITLE;**

18 **(III) A STATEMENT OF ANY DEFENSE TO THE LIEN FOR**
19 **UNPAID WAGES; AND**

20 **(IV) AN AFFIDAVIT CONTAINING A STATEMENT OF FACTS**
21 **THAT SUPPORT ANY DEFENSES RAISED.**

22 **(C) THE EMPLOYER OR EMPLOYEE MAY REQUEST AN EVIDENTIARY**
23 **HEARING.**

24 **(D) IF AN EMPLOYER FILES A COMPLAINT, THE CIRCUIT COURT SHALL**
25 **DETERMINE WHETHER TO ISSUE AN ORDER ESTABLISHING A LIEN FOR UNPAID**
26 **WAGES:**

27 **(1) WITHIN 45 DAYS AFTER THE DATE ON WHICH THE COMPLAINT**
28 **WAS FILED; AND**

29 **(2) BASED ON A PREPONDERANCE OF THE EVIDENCE IN WHICH**
30 **THE EMPLOYEE HAS THE BURDEN OF PROOF TO ESTABLISH THE LIEN FOR**
31 **UNPAID WAGES.**

1 **(E) (1) IF A CIRCUIT COURT ISSUES AN ORDER TO ESTABLISH A LIEN**
2 **FOR UNPAID WAGES, THE EMPLOYEE IS ENTITLED TO COURT COSTS AND**
3 **REASONABLE ATTORNEY’S FEES.**

4 **(2) IF A CIRCUIT COURT DETERMINES THE EFFORT TO ESTABLISH**
5 **A LIEN FOR UNPAID WAGES TO HAVE BEEN FRIVOLOUS OR MADE IN BAD FAITH,**
6 **THE COURT MAY AWARD COURT COSTS AND REASONABLE ATTORNEY’S FEES TO**
7 **AN EMPLOYER.**

8 **3-1104.**

9 **A LIEN FOR UNPAID WAGES IS ESTABLISHED:**

10 **(1) AFTER A CIRCUIT COURT ISSUES AN ORDER TO ESTABLISH A**
11 **LIEN FOR UNPAID WAGES; OR**

12 **(2) IF NO COMPLAINT DISPUTING THE LIEN FOR UNPAID WAGES**
13 **IS FILED, WITHIN 30 DAYS AFTER A NOTICE IS SERVED UNDER § 3-1102 OF THIS**
14 **SUBTITLE.**

15 **3-1105.**

16 **(A) IF A CIRCUIT COURT ORDERS THE ESTABLISHMENT OF A LIEN FOR**
17 **UNPAID WAGES, THE EMPLOYEE MAY RECORD THE LIEN FOR UNPAID WAGES BY**
18 **FILING A WAGE LIEN STATEMENT UNDER SUBSECTION (C) OF THIS SECTION.**

19 **(B) IF THE EMPLOYER FAILS TO FILE A TIMELY COMPLAINT DISPUTING**
20 **THE NOTICE OF WAGE LIEN, THE EMPLOYEE MAY RECORD THE LIEN FOR**
21 **UNPAID WAGES BY FILING A WAGE LIEN STATEMENT UNDER SUBSECTION (C) OF**
22 **THIS SECTION ALONG WITH PROOF OF SERVICE IN ACCORDANCE WITH**
23 **MARYLAND RULE 2-126.**

24 **(C) A WAGE LIEN STATEMENT MAY BE RECORDED:**

25 **(1) FOR A LIEN AGAINST REAL PROPERTY, BY FILING A WAGE**
26 **LIEN STATEMENT, IN A FORM PRESCRIBED BY THE COMMISSIONER, WITH THE**
27 **CLERK OF THE CIRCUIT COURT FOR THE COUNTY WHERE ANY PORTION OF THE**
28 **PROPERTY IS LOCATED; AND**

29 **(2) FOR A LIEN AGAINST PERSONAL PROPERTY, BY FILING A**
30 **WAGE LIEN STATEMENT IN THE SAME MANNER, FORM, AND PLACE AS A**
31 **FINANCING STATEMENT UNDER TITLE 9, SUBTITLE 5 OF THE COMMERCIAL**
32 **LAW ARTICLE.**

1 **(D) (1) IF AN EMPLOYEE DOES NOT RECORD A WAGE LIEN**
2 **STATEMENT WITHIN 180 DAYS AFTER THE LIEN FOR UNPAID WAGES IS**
3 **ESTABLISHED, A LIEN FOR UNPAID WAGES SHALL BE EXTINGUISHED WITHOUT**
4 **PREJUDICE.**

5 **(2) IF PAYMENT IS MADE OR A BOND IS FILED FOR THE AMOUNT**
6 **OF WAGES AND DAMAGES STATED IN THE WAGE LIEN STATEMENT, THE**
7 **RECORDED LIEN FOR UNPAID WAGES SHALL BE RELEASED.**

8 **(E) A LIEN FOR UNPAID WAGES RECORDED UNDER THIS SECTION**
9 **SHALL BE CONSIDERED A SECURED CLAIM THAT HAS PRIORITY:**

10 **(1) FROM THE DATE OF THE COURT ORDER ESTABLISHING THE**
11 **LIEN FOR UNPAID WAGES; OR**

12 **(2) IF NO COMPLAINT DISPUTING THE LIEN FOR UNPAID WAGES**
13 **IS FILED, FROM THE DATE THAT THE EMPLOYEE FILED THE WAGE LIEN**
14 **STATEMENT.**

15 **(F) SUBSEQUENT BONA FIDE PURCHASERS OF ANY PROPERTY SUBJECT**
16 **TO A RECORDED LIEN FOR UNPAID WAGES ARE DEEMED TO HAVE**
17 **CONSTRUCTIVE NOTICE OF THE LIEN FOR UNPAID WAGES FROM DATE OF**
18 **RECORDATION OF A WAGE LIEN STATEMENT.**

19 **3-1106.**

20 **(A) AN ORDER FOR A LIEN FOR UNPAID WAGES SHALL BE ENFORCED IN**
21 **THE SAME MANNER AS ANY OTHER JUDGMENT UNDER STATE LAW.**

22 **(B) AN ACTION TO ENFORCE AN ORDER FOR A LIEN FOR UNPAID WAGES**
23 **SHALL BE BROUGHT WITHIN 12 YEARS OF THE DATE OF RECORDATION OF A**
24 **LIEN FOR UNPAID WAGES.**

25 **3-1107.**

26 **(A) A CONTRACT BETWEEN AN EMPLOYEE AND AN EMPLOYER MAY NOT**
27 **WAIVE OR REQUIRE THE EMPLOYEE TO WAIVE THE RIGHT TO SEEK THE**
28 **ESTABLISHMENT OF A LIEN FOR UNPAID WAGES UNDER THIS SUBTITLE.**

29 **(B) A PROVISION IN AN EXECUTORY CONTRACT BETWEEN AN**
30 **EMPLOYER AND AN EMPLOYEE THAT CONDITIONS PAYMENT OF WAGES TO THE**
31 **EMPLOYEE ON RECEIPT BY THE EMPLOYER OF A PAYMENT FROM A PROPERTY**
32 **OWNER OR A THIRD PARTY MAY NOT ABROGATE OR WAIVE THE RIGHT OF AN**

1 EMPLOYEE TO SEEK THE ESTABLISHMENT OF A LIEN FOR UNPAID WAGES
2 UNDER THIS SUBTITLE.

3 (C) A PROVISION OF A CONTRACT THAT VIOLATES THIS SECTION IS
4 VOID AS AGAINST THE PUBLIC POLICY OF THE STATE.

5 3-1108.

6 THIS SUBTITLE MAY NOT BE CONSTRUED TO PREVENT AN EMPLOYEE
7 FROM EXERCISING ANY RIGHT OR SEEKING ANY REMEDY TO WHICH THE
8 EMPLOYEE MAY BE OTHERWISE ENTITLED.

9 3-1109.

10 THE COMMISSIONER MAY SEEK TO ESTABLISH A LIEN FOR UNPAID WAGES
11 ON BEHALF OF AN EMPLOYEE.

12 3-1110.

13 THE COMMISSIONER SHALL ADOPT REGULATIONS TO:

14 (1) ESTABLISH THE CONTENT OF THE NOTICE, COMPLAINT, AND
15 WAGE LIEN STATEMENT UNDER THIS SUBTITLE; AND

16 (2) IMPLEMENT THE PROVISIONS OF THIS SUBTITLE.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 October 1, 2013.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.