

# SENATE BILL 853

K3

8lr2235  
CF HB 1539

---

By: **Senators Klausmeier, Benson, Feldman, and Rosapepe**

Introduced and read first time: February 5, 2018

Assigned to: Finance

---

Committee Report: Favorable

Senate action: Adopted

Read second time: March 15, 2018

---

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Labor and Employment – General Contractor Liability for Unpaid Wages**

3 FOR the purpose of providing that certain contractors are jointly and severally liable for  
4 certain violations of the wage payment and collection law by certain subcontractors  
5 under certain circumstances; requiring a subcontractor to indemnify a general  
6 contractor for certain wages, damages, interest, penalties, and fees except under  
7 certain circumstances; defining a certain term; prohibiting a certain obligation or  
8 contract right from being impaired by this Act; and generally relating to a general  
9 contractor's liability for unpaid wages.

10 BY repealing and reenacting, with amendments,  
11 Article – Labor and Employment  
12 Section 3–507.2  
13 Annotated Code of Maryland  
14 (2016 Replacement Volume and 2017 Supplement)

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

17 **Article – Labor and Employment**

18 3–507.2.

19 (a) Notwithstanding any remedy available under § 3–507 of this subtitle, if an  
20 employer fails to pay an employee in accordance with § 3–502 or § 3–505 of this subtitle,

---

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 after 2 weeks have elapsed from the date on which the employer is required to have paid  
 2 the wages, the employee may bring an action against the employer to recover the unpaid  
 3 wages.

4 (b) If, in an action under subsection (a) of this section, a court finds that an  
 5 employer withheld the wage of an employee in violation of this subtitle and not as a result  
 6 of a bona fide dispute, the court may award the employee an amount not exceeding 3 times  
 7 the wage, and reasonable counsel fees and other costs.

8 (c) (1) IN THIS SUBSECTION, "CONSTRUCTION SERVICES" HAS THE  
 9 MEANING STATED IN § 3-901 OF THIS TITLE.

10 (2) IN AN ACTION BROUGHT UNDER SUBSECTION (A) OF THIS  
 11 SECTION, A GENERAL CONTRACTOR ON A PROJECT FOR CONSTRUCTION SERVICES  
 12 IS JOINTLY AND SEVERALLY LIABLE FOR A VIOLATION OF THIS SUBTITLE THAT IS  
 13 COMMITTED BY A SUBCONTRACTOR OR THE SUBCONTRACTOR'S SUBCONTRACTOR.

14 (3) A SUBCONTRACTOR SHALL INDEMNIFY A GENERAL CONTRACTOR  
 15 FOR ANY WAGES, DAMAGES, INTEREST, PENALTIES, OR ATTORNEY'S FEES OWED AS  
 16 A RESULT OF THE SUBCONTRACTOR'S VIOLATION UNLESS:

17 (i) INDEMNIFICATION IS PROVIDED FOR IN A CONTRACT  
 18 BETWEEN THE GENERAL CONTRACTOR AND THE SUBCONTRACTOR; OR

19 (ii) A VIOLATION OF THE SUBTITLE AROSE DUE TO A LACK OF  
 20 PROMPT PAYMENT IN ACCORDANCE WITH THE TERMS OF THE CONTRACT BETWEEN  
 21 THE GENERAL CONTRACTOR AND THE SUBCONTRACTOR.

22 SECTION 2. AND BE IT FURTHER ENACTED, That a presently existing obligation  
 23 or contract right may not be impaired in any way by this Act.

24 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 25 October 1, 2018.

Approved:

---

Governor.

---

President of the Senate.

---

Speaker of the House of Delegates.