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# LARRY HOGAN

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OFFICE OF THE GOVERNOR

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## **Governor Larry Hogan Introduces Paid Leave Compromise Proposal *Will File Paid Leave Compromise Act of 2018 as Emergency Legislation, Invites Legislature to Engage in Open, Honest Dialogue on Paid Leave Policy***

**ANNAPOLIS, MD** – Governor Larry Hogan today announced a compromise proposal to provide paid leave benefits to Marylanders while fixing the most problematic elements of the deeply flawed bill passed by the Maryland General Assembly, and subsequently vetoed by the governor, during the past legislative session.

Again inviting legislators to work with the administration to reach a common sense solution for Maryland workers and small business job creators, the governor unveiled the administration's Paid Leave Compromise Act of 2018, which will be filed as emergency legislation and be ready on the first day of the upcoming legislative session.

In December of 2016, Governor Hogan became the first Republican governor in the nation to introduce a statewide measure to expand paid leave. The governor's proposal would have required larger businesses to provide paid leave, incentivized small businesses to offer this benefit by providing tax incentives to help offset the costs, and had the potential to cover 100% of Maryland workers. The legislature failed to take any action on the governor's proposal, and instead passed the confusing, unwieldy, and unfair House Bill 1 (HB1). Due to HB1's disastrous impact on the state's economy and troubling unintended consequences for Maryland workers, Governor Hogan vetoed the legislation in May.

"When we introduced our common sense paid leave proposal just over a year ago, I made it very clear that our administration was not drawing a line in the sand," said Governor Hogan. "We repeatedly extended an invitation to legislative leaders to join us in an open, honest dialogue so that together, we could find a balanced, fair, compromise approach to paid sick leave in Maryland.

"We need the legislative leaders across the aisle to finally come to the table and work with us on behalf of the people of Maryland," the governor continued.

Under the Paid Leave Compromise Act of 2018, businesses with 25 or more employees will be required to offer paid leave to their employees by the year 2020. To give businesses time to prepare, the benefits will be phased in, starting in 2018 for businesses with 50 or more employees, in 2019 businesses with 40 or more employees, and extending to all applicable businesses in 2020. In the spirit of true compromise and collaboration, the governor's Paid Leave Compromise Act of 2018 was developed using HB1 as a starting point, striking out burdensome red tape and intrusive provisions to create a streamlined, simpler proposal.

The governor's compromise proposal includes language originally introduced by Baltimore County Democratic Senator Bobby Zirkin, which allows qualifying businesses that demonstrate a significant financial hardship to receive a temporary waiver from the Department of Labor, and the bill creates a system where all employees accrue one hour of paid leave for every 30 hours worked, which means it applies to every worker covered by the bill, and eliminates the administrative burden on businesses created by HB1.

Recognizing that HB1 ignored workers in the state's smallest businesses, Governor Hogan will also introduce the Small Business Relief Tax Credit, which provides \$100 million over five years in tax credits to businesses with fewer than 50 employees that provide paid leave benefits to their employees.

The announcement coincided with the release of a report by an administration task force created in May, following the governor's veto of HB1. As part of series of actions that included extending paid leave benefits to executive branch contractual workers, the governor directed the Maryland Departments of Labor, Commerce, and Human Services, and the Governor's Office of Small, Minority & Women Business Affairs to conduct a comprehensive field study of the issue, interviewing business leaders and workers across the state. The task force, led by Labor Secretary Kelly Schulz, submitted a final report that – while complex in its findings – exposed significant flaws in HB1 from the points of view of both employers and employees.

“Once again, Governor Hogan has offered a common sense, compromise proposal to expand paid leave to Maryland workers while protecting our small business job creators,” said Secretary Schulz. “As I have traveled across the state and heard from employers and employees, it has become very clear that House Bill 1 is deeply flawed, unwieldy, and in many instances fails to deliver promised benefits. I am confident that our administration, working with the legislature, can find a solution that truly moves Maryland in a positive direction on this important issue.”

Chief among these concerns were the onerous provisions and mandated procedures in the bill that put business owners acting in good faith at the risk of being found in violation of the law and facing severe civil penalties. The task force also found that HB1 created unnecessary hardships for employers in the tourism and hospitality industries. Most egregiously, under the outrageously intrusive provisions in HB1, a worker could be forced to disclose sensitive personal or health-related information to his or her boss – including details about domestic violence or sexual assault – to document why he or she needs to use paid sick leave.

Governor Hogan's Paid Leave Compromise Act, on the other hand, provides Marylanders with paid time off – no questions asked – and strips the costly and punitive enforcement regulations from HB1 that would place an oppressive burden on small businesses.

“We need the legislative leaders across the aisle to finally come to the table and to work with us on behalf of the people of Maryland on paid leave,” the governor said. “Our administration continues to remain ready and willing to meet with them at any time to engage in open and honest dialogue in order to reach a compromise on this critical issue. The issue of paid leave is much too important and the impact is too far-reaching for us to risk getting it wrong.”

“Nearly every day, we see the effects of partisanship, of divisive rhetoric, and political polarization in Washington – but we have always chosen a different path. For nearly three years, we have repeatedly called on our colleagues on both sides of the aisle in Annapolis to avoid the divisive politics of Washington and to engage in thoughtful, civil debate and to strive for common sense, bipartisan solutions to the serious problems that face us. We will continue to strive toward that middle temperament which our great state was founded on.”

The Committee on Paid Leave Policy’s report can be found at <https://www.dlfr.state.md.us/paidleave/>.

Governor Hogan’s Paid Leave Compromise Act of 2018 is attached below.

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