

Maryland Government Affairs Update for June 2017

There are two new Maryland laws that directly affect local businesses that SCBA would like to draw your attention to for evaluation as to how they might affect your business.

The “More Jobs For Marylanders Act” was signed into law by Governor Hogan this month. This Legislation takes effect on June 1st, 2017. The bill provides tax incentives to eligible manufacturers that are designed to create jobs and provide workforce development initiatives for existing employees. New manufacturers that open shop in high unemployment tier 1 counties which include Western Maryland, the Eastern shore, and Baltimore City, will receive a 5.75% wage tax credit, a state property credit, and sales and use tax credits for ten years. State filing fees are also waived for companies that create at least 5 new jobs. Existing manufacturers can qualify for the property tax credit.

The second bill that was passed addresses paid sick leave. This legislation states that part-time employees who work at least 12 hours a week are eligible to receive up to 5 paid sick days per year, earning 1 hour of paid leave for every 30 hours worked. All companies with 15 or more employees are required to provide this mandatory paid leave once the employee is on the payroll for 106 days. The “106 day” test was put in place to aid businesses, such as those in Ocean City, who routinely hire seasonal employees. Governor Larry Hogan has vetoed this bill as of the distribution of this newsletter. Governor Hogan has stated that he feels strongly that it will be an undue burden on the small businesses which it largely affects. He had proposed that only businesses with more than 50 employees on one site be affected by the measure but that was rejected by the largely Democratic governing body. Hogan had also wanted to offer tax credits to smaller businesses in order to give them incentives and financial help to implement the measure. That was rejected also with opponents stating that Hogan hadn't offered a way to pay for the tax cuts. This is a hot-button issue with concerns for the financial health of small businesses on one side and employee safety nets on the other. Supporters argue that many employees spend much of their lives on the brink of financial difficulties and that not being allowed to take paid sick leave for themselves or for dependent care is unreasonable. However, detractors of the bill are adamant that it is a very difficult burden for many businesses to bear, especially small businesses that employ as few as 15 people. In all, Governor Hogan's veto will delay its implementation until the General Assembly meets in 2018 and could process a veto override. The bill did pass the General Assembly with a veto-proof margin assuming that all those who voted for the bill would also vote to override a veto. So, stay tuned for this one – but if you are a business with more than 15 employees, SCBA would suggest that you review how this bill may affect your policies and procedures so you are ready to handle it when it officially becomes law.