

Service and Construction Contractors Take Note: Maryland Is the Latest Jurisdiction to Pass Paid Sick Leave Law

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WHAT: The Maryland legislature passed the Maryland Healthy Working Families Act, which will require all Maryland employers to provide sick and safe leave to employees. Employers with 15 or more employees will be required to allow employees to accrue at least 1 hour of paid leave for every 30 hours worked, up to 40 hours of paid leave in a year. Employers with 14 or fewer employees will be required to provide the same amount of leave, though it can be unpaid. Leave may be used for absences from work due to health care needs, domestic violence, sexual assault, or stalking.

WHEN: Maryland legislators voted last Friday, January 12, to override Governor Larry Hogan's veto of the Act, which initially passed the Maryland General Assembly on April 5, 2017. Although Maryland law provides that the Act shall take effect 30 days after the veto override, news reports suggest that the legislature may delay implementation for 90 days to give the state additional time to publish regulations and provide guidance to covered employers.

WHAT DOES IT MEAN FOR INDUSTRY: U.S. Government contractors in Maryland should review their leave policies for compliance with the new Act and with federal wage-hour laws specific to contractors such as: the Service Contract Act, Davis-Bacon Act, and Executive Order 13706, Establishing Paid Sick Leave for Federal Contractors. Our experience from analyzing other state and local sick-leave laws reveals that contractors must carefully consider their entire enterprise to ensure paid-leave policies satisfy these federal and state (and in some places, local) laws while fitting within the contractors' business practices and processes.

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Contractors should also stay tuned for implementing guidance, particularly concerning the definitions of covered employers and eligible employees. For example, the law left unclear whether the 15-employee threshold counts only employees located in Maryland or counts all employees of a company. Likewise, although a logical interpretation is that only employees working in Maryland must accrue sick leave, the law does not expressly limit covered employees to those working in the state's boundaries.