



A Dollar Earned Should Be a Dollar Paid: Why Not in Maryland?

SB 758 /HB 1130: A Bill to Establish a Lien for
Unpaid Wages in Maryland to Encourage Payment
of Earned Wages

Workers must be paid for the hours they work. Few would disagree with that common-sense premise.

Then why do hundreds of unscrupulous Maryland employers fail to pay wages owed to thousands of Maryland residents for work already performed? The short answer is **because they know they can usually get away with it.** Although both federal and state laws require payment of wages, workers have little clout in making the law work. Going to court to enforce the law and then trying to collect on a judgment is a complex, burdensome, and in the end, inadequate solution to a serious economic and moral issue.

Unpaid workers file nearly 1,000 complaints with the DLLR (Maryland Department of Labor, Licensing, and Regulation). DLLR determines that even when they determine that the claims are meritorious, the department is able to collect workers' unpaid wages only 25% of the time. **That means 3 out of every 4 workers who had meritorious claims were not paid the wages owed to them.** Why is the success rate for collecting unpaid wages so low? Two reasons: enforcement proceedings are difficult and complex, and DLLR is not sufficiently funded to enforce the large and growing number of wage claims filed each year.

One solution is a lien for unpaid wages. This is a simple legal procedure that would dramatically increase the number of employees who get paid for their work, and in most cases, without having to go to court. Maryland already has 23 lien laws, including liens to protect mechanics, real estate brokers, attorneys, artisans, pilots, hotels, hospitals, veterinarians, warehousemen, condominiums, vendors, farmers, and ground rent owners. The proposed lien for unpaid wages is modeled on Maryland's Contract Lien Act.

A lien for unpaid wages is one effective way to combat "wage theft." It has many benefits:

Good for the State: When employers don't pay what is owed to their workers, the state loses out on tax revenues. And if working families are already living on the edge, they might be forced to draw on state resources. When employers are held accountable for paying their workers, they also pay their part of unemployment insurance and workers compensation costs.

Good for Employers: A lien for unpaid wages adds zero cost and zero worry to law-abiding employers. Holding all employers accountable for paying earned wages levels the playing field and helps all businesses.

Good for Maryland's Working Families and the Economy: When wages are not paid, families and the community face unwarranted financial distress. Workers can't pay the mortgage or rent. They can't afford to buy groceries and other goods. They put off medical concerns or ignore health issues. Providing an efficient means of enforcing wage laws means more money for Maryland's working families and for the local economy.

The lien for unpaid wages is an efficient way to get employers to pay the wages they owe. Here's how it works:

1. **Notice of Lien for Unpaid Wages.** The employee serves on the employer a notice of the amount of wages due. In most cases, the beginning of this process prompts the employer to pay up. The employer can dispute the facts of the lien for unpaid wages with a court complaint, but in most cases, there is no genuine dispute that the work was done and the wages are due.
2. **Establishing and Enforcing Lien for unpaid wages.** If the employer does not dispute the facts, or if the court finds that a lien for unpaid wages is appropriate, the lien for unpaid wages is established. The employee may then file the lien for unpaid wages on any real or personal property of the employer in the State. This is a pre-judgment attachment that puts a temporary hold on the property. Nothing happens to the property immediately. The lien for unpaid wages simply means the employer cannot sell, hide, or dispose of the property without first paying the wages that are owed to the worker. And that means, in most cases, that the employer makes payment so that the lien is taken off the property.

The workers works, the worker gets paid. That's how it should be.

It's time to make unscrupulous employers follow the law. Please support SB 758 /HB 1130.

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