



May 13, 2024

Devki K. Virk
Commissioner of Labor and Industry
Division of Labor and Industry
Maryland Department of Labor
1100 North Eutaw Street, Room 600
Baltimore, MD 21201
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RE: Recommendations on implementing H.B. 385, Wage Payment and Collection - Pay Stubs and Pay Statements, specifically developing a pay statement template

Dear Commissioner Virk:

PayrollOrg (PAYO) offers recommendations to the Division of Labor and Industry to develop a payroll statement template for employers, as required by H.B. 385 [Chapter 306 (2024)]. The act requires employers to provide specified information on pay statements. This information includes the employer's name, telephone number, and address; hours worked; beginning and ending dates of the pay period; rate of pay, gross and net pay, and all deductions; additional bases of pay; and piece rates and number of pieces completed, if applicable.

About PAYO

PAYO, formerly the American Payroll Association, is a nonprofit association representing more than 20,000 payroll professionals throughout the United States. PAYO's Government Relations Task Force partners with government agencies to help payroll professionals with compliance, while minimizing the administrative burden on government, employers, and individual workers. PAYO members are directly responsible for calculating wages and withholding for their employers across all industries and employer types.

PAYO is uniquely qualified to assist the Division of Labor and Industry in developing the required pay statement template. Our members observe and administer the pay statement requirements of every state and U.S. territory. Consistency with other states' pay statement requirements and definitions would be helpful for employers and the Division by reducing



potential conflicts and confusion. Some initial recommendations follow. We also offer to work collaboratively with the Division to provide employers with important guidance.

List of Additional Bases of Pay

The template and guidance should clarify that employers display relevant bases of pay, such as bonuses or commissions, that are being paid to an employee for the referenced pay period.

PAYO's concern is that employers could be confused by regulatory language and display every possible basis for compensation, even if not applicable to the employee for the current pay period listed on the pay statement. The list of items could be very long and make pay statements less understandable and confusing for employees.¹

Too broad an interpretation could confuse employees and would not serve any productive purpose, i.e., defeating pay transparency. In practice, employers already separately display each applicable basis of pay for each employee, especially for employers that provide pay information electronically to their employees.

An additional consideration is that space is extremely limited on pay statements. PAYO members' anecdotal experience is that when pay statements become too long and detailed, such as multiple page statements, the appearance to employees is daunting and employees tend to avoid reviewing them. This would be contrary to the intent of the legislation.

The Division should also be aware that space constraints on pay statements limit the length of compensation and deduction item descriptions. For example, Group Term Life Insurance may be abbreviated to GTL to fit an eight- to ten-character space.

Employer's Name, Address, and Telephone Number

Employers should be provided with as much flexibility as possible to determine the appropriate name, telephone number, and address to display, such as to provide the most

¹Bases could include, but are not limited to, athletic facilities, achievement awards, adoption assistance, back pay, bonuses, commissions, unsubstantiated business expenses, dependent care assistance, group-term life insurance, employer-paid health insurance, employer retirement plan contributions, health savings account contributions, nonqualified deferred compensation, third-party sick pay, lodging, meals, moving expenses, personal use of an automobile, profit sharing, scholarship and fellowship payments, sick pay, stock options, supplemental unemployment compensation, transportation/commuter benefits, tuition assistance, and working condition fringe benefits.

effective path for employee inquiries. In some instances, this may be the local worksite address and phone number, but in others, it may be a centralized address, such as a corporate office in another state, or even that of a third-party administrator or Professional Employer Organization.

Generally, agency guidance should specify that the employer's address and phone number may reflect the employer's headquarters or corporate address, which may be in a different state. Many employers have centralized administrative facilities that process payroll and respond to questions and requests from all employees. This would be the appropriate address and phone number for employee questions and requests. Many local work sites do not have staff to address payroll-related questions and requests.

Frequently asked questions or similar guidance provided by the Division should identify that phone numbers may connect to an automated voice-response system, if such systems provide a reasonable alternative for contacting responsible officials.

PAYO appreciates the opportunity to offer recommendations and would be pleased to work with the Division on creating the pay statement template and guidance in accordance with H.B. 385. PAYO can be reached through me at 202-669-4001 or ajacobsohn@payroll.org.

Sincerely,



Alice P. Jacobsohn, Esq.
Director, Government Relations

For: Government Relations Task Force State and Local Topics Subcommittee
Cochairs Pete Isberg; Carlanna Livingstone, CPP; and Bruce Phipps, CPP