



# Employers Need to Know

Employment Law Alerts from Ober|Kaler's Employment & Labor Group

## Employment & Labor Group

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### **Maryland Lawmakers Toss *Catapult*: Troubling Changes in Leave Pay Practices Reversed by Emergency Legislation**

We are pleased to report that the Maryland Legislature has passed emergency legislation reversing the effects of a 2007 decision that turned some long-established wage practices upside down.

The decision of the Maryland Court of Special Appeals in *Catapult Tech Ltd. v. Wolfe* (Md. Ct. Spec. App. 2007) held that employees must be paid for accrued but unused vacation at the time of termination of employment, on the grounds that leave was an earned wage and it could not be forfeited at termination. This decision was initially unexpected and contradicted two earlier cases interpreting the Maryland wage payment statute. It has caused Maryland employers some angst, and has had them and their counsel revisiting employment policies so as to be in compliance with the new twist on what has been an established employer practice.

With the passage of Senate Bill 797, Maryland lawmakers reversed the effects of *Catapult*, in essence restoring the heretofore long accepted practice of allowing employers not to pay accrued leave under certain circumstances, provided those circumstances are set forth in a written policy communicated to the employee.

The Act takes effect on the date of enactment, and it is expected that the Governor will sign the bill on April 24, 2008. The bill specifically states that for those employees who were terminated between November 1, 2007 (the date the *Catapult* was accepted as law by the Maryland Department of Labor and Industry) and the effective date of the Act, employers need only pay for accrued leave if an employee is entitled to payment under the terms of the employer's written policy.

Maryland employers should review their policies to make certain they are in compliance with the requirements of the new law, as failure to comply could result in the employer having to pay not only the vacation pay improperly withheld, but also up to treble damages and attorneys' fees.

View a copy of Senate Bill 797 [here](#) (pdf). If you have any questions, please contact a member of Ober|Kaler's **Employment & Labor Group**.

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