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HB 1448 – Support
Commissioner of Labor and Industry - Classification of Employees and Independent Contractors - Guidelines

Chairman Davis, Vice Chair Dumais and Economic Matters Committee Members,

HB 1448 is a good-government bill which creates a short guidance document in plain language that ensures every Maryland Corporation reads an explanation of Maryland's existing definitions of employee and independent contractor. This explanation must be reviewed each year when businesses file property returns.

There's a lot of misinformation about when a business can certify a worker as an independent contractor, and when the worker should be called an employee. As a result, a lot of small businesses wrongly refer to their employees as "independent contractors" to save money in the short term. Workers suffer when they're wrongly classified as independent contractors. They lose overtime wages, protection from discrimination, workers' compensation when they're injured, and unemployment insurance if they lose their job. As a result, the business could then get sued and suddenly owe hundreds of thousands of dollars in unpaid wages, or the IRS and the Maryland Comptroller could audit them.

HB 1448 is an efficient way to get important information to the people who need it, and will also increase Maryland's tax revenue by helping businesses know what employment taxes they are responsible for.

The bill does not target any particular industries, increase penalties for employers or change definitions of "employee" or "independent contractor." If a worker is an independent contractor under existing law, that person will remain an independent contractor. In summation, this bill will help our businesses clear up any misunderstandings about worker classification.

I urge a favorable report.

A handwritten signature in black ink, appearing to read 'Terri Hill'.

Terri Hill, M.D.