HB465 / SB436

Workplace Fraud and Prevailing Wage - Violations - Penalties and Referrals

FAVORABLE

Dear Chairs Wilson and Beidle, and honorable members of the House Economic Matters Committee and the Senate Finance Committee:

As Business Manager and Financial Secretary Treasurer of Ironworkers Local 5, on behalf of our 1,000 Ironworkers, Journeymen, Apprentices and Retirees, I write to express our support for HB465 / SB436 - Workplace Fraud and Prevailing Wage - Violations - Penalties and Referrals, and to ask for a favorable report.

Among non-Right-To-Work states within the Mid Atlantic region, Maryland has the unfortunate distinction of being among the most egregious with regard to the lack of both enforcement and statutory clarity for wage theft, misclassification, and the full range of payroll withholding frauds. This fact is the subject of a recently released Office of Program Evaluation and Government Accountability report evaluating the Worker Classification Protection Unit (WCPU) of the Maryland Department of Labor, Licensing and Regulation, which uncovered significant structural problems with regard to investigating and prosecuting wage theft, misclassification, Unemployment Insurance fraud, Workers Compensation Insurance fraud, among a litany of related payroll violations.

Maryland's problems with regard to these violations, both civil and criminal, also stems from the state's anemic statutory structure, whereby wage and hour violations are deemed to be civil violations, while the related / underlying payroll withholding frauds are criminal violation on bot the state and federal levels.

While HB465 / SB436 does not address the myriad of issues withing the Department of Labor, Licensing and Regulation, it brings Maryland in line with many other states which prosecute wage and hour violations criminally, in this case, as misdemeanors.

For these reasons, we ask for a favorable committee report.

Sincerely,

Aaron Bast

Business Manager and Financial Secretary Treasurer

Ironworkers Local 5