

## TESTIMONY OF ROGER P. MANNO, ESQ.

SB1 / HB145 - STATE FINANCE AND PROCUREMENT - PREVAILING WAGE - STOP  
WORK ORDERS

## FAVORABLE

Honorable Members of the House Economic Matters Committee and the Senate Finance Committee:

On behalf of the Eastern Atlantic States Regional Council of Carpenters, please accept this testimony in strong support of SB1 / HB145, to authorize the discretionary use of Stop Work Orders.

This legislation is simply a tool for eliminating worker exploitation, wage theft, and tax fraud and insurance fraud. According to a 2016 report from the Center for Popular Democracy, some 600,000 Marylanders are victims of wage theft each year, amounting to some \$900,000,000 in stolen wages. And while wage spans the gamut of workplaces and industries, it is most pernicious for lower wage workers in hospitality, landscaping and construction.

These problems are not unique to Maryland.

This legislation mirrors recently passed legislation in the State of New Jersey (S-2557, Sen. Singleton), which was prompted by a concerted legislative and executive effort to rein in misclassification, as it related directly to an annual loss of some half a billion dollars in lost / stolen wages, and millions of dollars in lost / unrealized unemployment, disability, and family leave contributions. That legislation passed with nearly unanimous bi-partisan support in committee (Democrats 9 YES / Republicans 3 YEA, 1 NAY) and on final passage (Democrats 25 YEA, 1 NOT VOTING / Republicans 12 YEA, 1 NAY, 1 NOT VOTING). Since passage of the legislation, the New Jersey's Attorney General and its Department of Labor have been successful in reducing the numbers of wage and misclassification violations, and recovering millions of dollars in lost and unrealized revenues.

Maryland would similarly benefit from this legislation. As introduced, this legislation is extremely measured, and is discretionary on the part of the Executive Branch. Despite that, there may be opponents who seek to water down this legislation through the amendment process.

We would ask the Economic Matters and Finance committees not to entertain any limiting amendments, as this legislation is extremely straight forward, and has been effective in curtailing wage theft, misclassification and insurance fraud in New Jersey. There is no indication that it will be less effective in Maryland. If, however, the Economic

Matters and Finance committees are inclined to entertain amendments, please also consider two amendments based on related laws passed in New Jersey, which complement and build-out the aspirational enforcement mechanisms of the legislation:

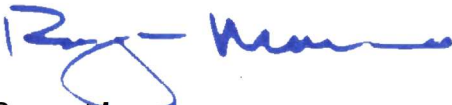
Modeled after New Jersey's A5891 / S3921, this amendment creates the Office of Strategic Enforcement and Compliance to investigate claims of employee misclassification and coordinate strategic enforcement efforts both within the Department of Labor and across other state agencies. This legislation was instrumental in the implementation of several multi-state MOUs to jointly investigate and prosecute wage theft, tax fraud, and unemployment insurance fraud.

Modeled after New Jersey's A5892 / S 3922, the second amendment streamlines the process for identifying unlawful employee misclassification, and provides that businesses that misclassify employees "for the purpose of evading payment of insurance premiums" commit insurance fraud. An adverse finding under this law will trigger an investigation by the Maryland Insurance Administration.

Implementing this legislation as introduced would be an enormous benefit for Maryland, our workers and our economy. In fact, the close to billion dollars in realized annual wages and revenues would provide an enormously stimulative effect, helpful providing needed programmatic funding, and stimulating Maryland's currently anemic job creation rate, the worst among states in the region.

Thank you for your consideration of this legislation, and the above referenced suggested amendments.

Sincerely at your service,



Roger Manno