



PLUMBERS LOCAL UNION NO. 5

UNITED ASSOCIATION OF JOURNEYMEN AND APPRENTICES OF THE PLUMBING AND PIPE FITTING INDUSTRY OF THE UNITED STATES AND CANADA, AFL-CIO

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SB 838 / HB 1261

Workplace Fraud and Prevailing Wage - Violations - Penalties and Referrals FAVORABLE

Dear Chair Griffith and members of the Senate Finance Committee:

As Business Manager/Financial Secretary Treasurer of UA Plumbers & Gasfitters Local 5, I write today to ask the committee for a favorable report of SB838 / HB 1261, and to thank Senators Kramer, Augustine, Beidle, Gile, Klausmeier, McCray, Muse, Salling, and Waldstreicher for your sponsorship.

The UA Plumbers & Gasfitters Local 5 have been installing, maintaining and servicing the waste, water & gas systems in the Washington D.C. area since 1890. We represent some 1,800 of the most highly-skilled construction workers to be found anywhere, including over 300 apprentices, which provide the workforce excellence across some 65 signatory construction contractors throughout the Washington, DC Metropolitan area.

We support SB 838 / HB 1261 because it significantly improves enforcement and prosecution of extremely heinous violations against government and the taxpayers – payroll fraud, tax fraud, and insurance fraud – and two of the most egregious social and economic justice exploitations that there is: wage theft and Misclassification of workers.

The practice of Misclassification robs workers of their status and their wages by treating them and the value of their work as less than the law requires. It is both classist, in that it stifles economic mobility for workers trying to provide for their family and move up the economic ladder, and in many cases, it is patently racist, in that it tends to target specific sectors of the construction trades where large numbers of workers of color are employed.

Within each and every instance of Misclassification and wage theft are also underlying instances of payroll fraud, tax fraud, and insurance fraud, in that the underreporting or misreporting of earnings constitutes under collection of workers' compensation withholdings, unemployment insurance withholdings, and federal FICA withholdings.

As drafted, SB 838 / HB 1261 begin to address this issue by making willful Misclassification a misdemeanor offense, and requiring referrals of wage theft cases from the Department of Labor to the Comptroller. This is necessary because wage theft is a civil offense with the Labor and Employment Article of the Maryland statutes, while tax and payroll fraud are criminal violations (misdemeanors) within the Tax General Article of the Maryland Statute. This is an oversight and a loophole in the statute. By appropriately cross referencing jurisdictions from both these two sections of the Maryland statutes, Maryland can begin to reign in these heinous acts, as many other states have already done.

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

Sincerely,

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Business Manager / Financial Secretary Treasurer

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