



## Maryland Chapter National Electrical Contractors Association

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**FAVORABLE**: SB0838 Workplace Fraud and Prevailing Wage - Violations - Penalties and Referrals

Dear Chair Griffith and members of the Senate Finance Committee:

On behalf of the Maryland Chapter of the National Electrical Contractors Association (NECA), I write today to express our strong support for Senate Bill 838 which would establish criminal penalties to employers knowingly failing to properly classify individuals as employees and contractors and subcontractors knowingly violating State prevailing wage laws.

Maryland NECA represents 75 construction contractors, some 2,000 workers and over 400 working apprentices. NECA represents electrical contracting firms that employ highly skilled electricians for field construction work, and provide those employees with high-value wages, family medical care, retirement plans, and continuing education through workforce development and apprenticeship training programs.

Maryland NECA strongly supports Senate Bill 838 because one of the many challenges that law abiding and ethical contractors face when bidding prevailing wage contracts are the actions of unscrupulous contractors and subcontractors that purposefully misclassify workers.

The purpose of prevailing wage in the State of Maryland is to provide good wages and benefits to its citizens, remove race and gender pay gaps, promote quality work funded by taxpayer dollars, and level the playing field for high-road employers. However, too often in the construction industry, low-road contractors circumvent the laws by purposefully misclassifying their employees as independent contractors. By doing so, these low-road employers reduce their costs by not paying unemployment insurance taxes, payroll taxes, as well as workers' compensation insurance. Workers who are misclassified are also denied benefits that employers typically provide to employees such as overtime, paid sick or vacation days, health insurance, and retirement benefits.

By misclassifying their employees and lowering their costs, low-road contractors are able to provide a better price in the bidding process ultimately helping them procure the work, and in turn, denying the ethical contractor who bid the job correctly to be awarded the project.

While worker misclassification exists in every occupation, it seems to be a rampant issue in the construction industry. Senate Bill 838 is critical for the members of NECA and all law-abiding contractors by holding unscrupulous contractors accountable for breaking the prevailing wage laws. But most importantly, Senate Bill 838 protects the men and women who are being misclassified and whose wages, benefits, and well-being are undermined by unethical employers. For these reasons, Maryland NECA supports Senate Bill 838 and asks for a **FAVORABLE** report.

Sincerely,

William Yull  
Executive Director  
Maryland Chapter, NECA