

MHLA
Maryland Hotel
Lodging Association

SB 838 – Workplace Fraud and Prevailing Wage - Violations - Penalties and Referrals

Senate Finance Committee

March 2, 2023

Position: Oppose

Dear Chair Griffith and Members of the Committee:

As the sole statewide trade association dedicated to advocacy for Maryland’s lodging industry, with more than 25,000 employees at 750 hotels, we urge an unfavorable report on SB 838.

The proposed bill would establish certain criminal penalties for employers knowingly failing to properly classify individuals as employees.

Our members support and follow the current regulation and due diligence in this regard is necessary. However, in the event of a charge against an employer who is found guilty, we feel the proposed criminal penalty – *a misdemeanor subject to a fine not to exceed \$5,000 or imprisonment not exceeding 60 days or both for each employee who was not properly categorized* - is excessively harsh. We are of the opinion that the current civil penalty of up to \$5,000 for each employee who was misclassified is more appropriate if the existing regulation is not properly followed.

The Maryland Hotel Lodging Association respectfully requests an Unfavorable Report on SB 838.