



February 5, 2024

The Honorable CT Wilson, Chair  
The Honorable Brian Crosby, Vice Chair  
House Economic Matters Committee  
House Office Building Room 231  
Annapolis, Maryland 21401

**Written Testimony of Victoria Leonard on HB 211 – Business Regulation-Contractors, Subcontractors,  
and Brokers - Prohibited Conduct**

Position: Information

Thank you Chair Wilson and Vice Chair Crosby and members of the House Economic Matters Committee for the opportunity to submit written testimony on HB 211.

My name is Victoria Leonard, Political and Legislative Director for the Baltimore-Washington area of the Philadelphia/Baltimore/Washington Laborers' District Council (PBWLDC), an affiliate of the Laborers' International Union of North America, or LiUNA for short. The PBWLDC represents more than 13,000 members. Our members are proudly employed on many infrastructure construction projects across the region.

If HB 211 is aimed at addressing construction industry labor brokers, LiUNA cautions that this bill does not address the underlying problem caused by labor brokers and it includes no enforcement mechanism. As drafted, the bill would prohibit a person from serving or acting as a broker between a contractor and a subcontractor during the five-year period immediately following the date the person was convicted of an offense constituting criminal malfeasance or nonfeasance under any federal or state law.

The wage theft caused by labor brokers is massive. Contractors and subcontractors that hire labor brokers rely on those brokers to pay workers, withhold taxes and provide workers' comp coverage. But unscrupulous brokers keep costs low by misclassifying workers, paying them under the table, or worse, not at all. Contractors need labor, and brokers can provide it at a low cost, shaving 30% or more off of labor costs, which can help the contractors who use them underbid their competitors in competitive markets like the Baltimore-Washington region.

The real problem is contractors who support crooked labor brokers, knowingly or otherwise, rarely face any serious consequences. Law enforcement and workers comp enforcers often go after labor brokers, because they're the low-hanging fruit. But if one broker faces charges for exploiting workers, another can step in to fill the void, and often labor brokers just change their name and continue operating. Until specialty contractors are held liable, the problems posed by nefarious labor brokers will continue.

In addition, the Maryland Department of Labor's wage and hour enforcement division is severely understaffed. Instead of creating a new law that will be difficult to enforce, we believe the priority should be to give MD DOL the budget it needs to build a robust enforcement team.