



February 14, 2024

The Honorable William C. Smith, Jr.
Chair, Judicial Proceedings Committee
2 East, Miller Senate Office Building
Annapolis, Maryland 21401

The Honorable Jeff Waldstreicher
Vice Chair, Judicial Proceedings Committee
2 East, Miller Senate Office Building
Annapolis, Maryland 21401

Dear Chair Smith and Vice Chair Waldstreicher,

I would like to express my full support for *Senate Bill 436 - Workplace Fraud and Prevailing Wage - Violations - Penalties and Referrals*.

Wage theft is one of the most challenging obstacles that many workers in Maryland, especially those in the Building Trades industry, face every single day. There is an estimated \$60 million in wage theft yearly in Maryland and tactics can vary - theft can look as simple as failing to pay minimum wage, prevailing wage, or overtime, or as complex as misclassifying workers based on the type of work completed.

There is no question: Those who engage in wage theft are stealing money from the pockets of their workers. Period. This issue is far more widespread in Maryland than it should be, and is one that must be rectified immediately for the sake of all Marylanders.

Currently, all allegations of wage theft and misclassification statewide are reported to a single investigator at the Maryland Department of Labor, and penalties for wage theft amount to only a civil penalty of a small fine. Bad actors who commit wage theft are well versed in this lack of oversight and consequences and frequently budget for any penalties that may be issued. The current system has made punishment for wage theft the “cost of doing business in Maryland” and not an effective deterrent from future impropriety. To make matters even worse, no meaningful recourse exists for the victims who lose their hard earned money to theft, unless they pursue private civil action.

SB436 moves Maryland forward by making wage theft a criminal misdemeanor, as well as acknowledging the other violations hidden in the act of wage theft. This legislation also directs mandatory referrals to the Maryland Comptroller, the States Attorney’s office, the U.S. Department of Justice, the U.S. Department of Labor, and the U.S. Department of Treasury, where these violations of tax fraud, worker compensation fraud, and unemployment insurance fraud are all criminal acts. It will also allow a stiffer penalty of \$5,000 per worker and jail time of up to 60 days for each harmed worker.

It is my hope that by creating meaningful criminal sanctions for wage theft in Maryland, bad actors will think twice before stealing from their hardworking employees and that all employees will get what they earn in our great State. If unethical employers still choose to steal from their workers, this legislation will ensure that Maryland workers will have a better path to recourse.

For these reasons, I strongly urge this committee to give *Senate Bill 436 - Workplace Fraud and Prevailing Wage - Violations - Penalties and Referrals* the highest consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "David Trone". The signature is fluid and cursive, with a prominent initial "D" and a long, sweeping tail.

David Trone
Member of Congress