



House Economic Matters Committee

To: Senator Pam Beidle, Chairwoman; Senator Kathy Klausmeier, Vice-Chairwoman; and Members of the Committee.

From: Darwin Bonilla, Executive Director, Mid-Atlantic Pipe Trades Association.

SUPPORT SB 436 – Workplace Fraud and Prevailing Wage – Violations – Penalties and Referrals

My name is Darwin Bonilla, and I immigrated from El Salvador in 1998. After high school, I worked for ten years as a community organizer at CASA de Maryland, in 2018, I graduated from the Steamfitters Local 602 apprenticeship program and earned my license as an HVAC Journeyman from the State of Maryland. Later that same year, I became the Lead Organizer of the Mid-Atlantic Pipe Trades Association. I'm here to ask you to **SUPPORT SB 436**.

I lead a group of 9 organizers at the Mid-Atlantic Pipe Trades Association. Our job involves recruiting new members and bringing new signatory contractors to our local unions. But one of the biggest challenges we see every day is that many nonunion workers, some of them because of their immigration status, are being exploited by low-road contractors. These contractors hire Labor Brokers to provide the workforce they need. These Labor Brokers misclassify these workers as independent contractors and cheat them of their hard-earned wages. In doing this, they are also cheating the state of Maryland out of workers' compensation and unemployment insurance while cheating the Federal government, the State of Maryland, and its localities of income taxes. We find these Labor Brokers on private sector jobs and State and Locally funded projects. Some prominent examples are William Wirt Middle School in Prince George's County, Eva Turner Elementary School in Charles County, Neillsville Middle School in Montgomery County, and Parcel 4 in Baltimore.

HB 465 will help solve the wage theft and misclassification problem by creating meaningful criminal penalties for contractors who knowingly cheat and misclassify their workers. This bill makes Wage Theft a criminal misdemeanor while also acknowledging the other violations hidden in the act of wage theft. It does this by putting 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 comp 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.

Wage theft and Misclassification are rarely done by accident. For these reasons, I ask that you **SUPPORT SB 436**

Sincerely,

Darwin Bonilla

Executive Director

Mid-Atlantic Pipe Trades Association