



MARYLAND
Chamber of Commerce

LEGISLATIVE POSITION:

UNFAVORABLE

Senate Bill 436

Workplace Fraud and Prevailing Wage - Violations - Penalties and Referrals

Senate Finance Committee

Thursday, February 15, 2024

Dear Chairwoman Beidle and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce (the Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic growth and recovery for Maryland businesses, employees, and families.

Senate Bill 436 establishes additional criminal penalties for employers who knowingly misclassify an individual under the Workplace Fraud Act. The legislation also creates new criminal penalties for contractors and subcontractors who have been found to knowingly violate the State Prevailing Wage Law.

The Maryland Chamber was a vocal and active participant in the discussions and debate regarding the Workplace Fraud Act of 2009. During the 2009 Legislative Session the Chamber worked alongside the Maryland Department of Labor (MDDOL) to address areas of concern to the business community. The Chamber condemns companies that knowingly misclassify individuals as independent contractors when they clearly work as “employees” of such companies. When companies do this, they do not simply harm the individuals who are misclassified, but the law-abiding businesses who pay for the higher costs associated with properly classifying employees such as wages, benefits, and taxes.

However, dealing with those that break the law does not require new penalties potentially sending managers and business owners to jail over employee misclassification. Further, the Chamber is certain this legislation is unnecessary as provisions already exist in statute providing MDDOL authority to appropriately address intentional misclassification of employees and levy substantial fines on those bad actors found to be in violation of Maryland’s worker classification laws.

For these reasons, the Chamber respectfully requests an **unfavorable report** on SB 436.

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60 West Street, Suite 100, Annapolis 21401 | 410-269-0642