

**STATEMENT OF FRED CODDING  
IRON WORKERS EMPLOYERS ASSOCIATION  
SENATE BILL 436**

**I AM FRED H. CODDING AND I REPRESENT THE IRON WORKERS EMPLOYERS ASSOCIATION AND ACE. WE WELCOME THE OPPORTUNITY TO EXPRESS OUR SUPPORT FOR SENATE BILL 436 ENTITLED “WORKPLACE FRAUD AND PREVAILING WAGE - VIOLATIONS - PENALTIES AND REFERRALS”. THE IRON WORKERS EMPLOYERS ASSOCIATION (IWEA) WAS INCORPORATED IN 1959 AND HAS NUMEROUS MEMBERS HEADQUARTERED IN MARYLAND. ITS MEMBER CONTRACTORS WORK THROUGHOUT MARYLAND. ITS CONTRACTOR MEMBERS, WHICH INCLUDE MINORITY CONTRACTORS, WORK ON BOTH SMALL AND LARGE PROJECTS. THEY EMPLOY IRON WORKERS WHO ARE WORKING ON JOBS WHICH INCLUDE PUBLIC WORK CONTRACTS.**

**FAILURE TO PAY PREVAILING WAGES ON PUBLIC WORK PROJECTS AND MISCLASSIFICATION OF EMPLOYEES AS INDEPENDENT CONTRACTORS BOTH HAVE NUMEROUS CONSEQUENCES. THOSE CONSEQUENCES INCLUDE THE FOLLOWING:**

- 1. MARYLAND IS LOSING REVENUE EVERY YEAR THROUGH EMPLOYERS NOT PAYING PREVAILING WAGES AND MISCLASSIFYING EMPLOYEES AS INDEPENDENT CONTRACTORS.**

2. **NON-PAYMENT OF PREVAILING WAGES AND MISCLASSIFICATIONS PENALIZE THOSE CONTRACTORS WHO COMPETE AND WITHHOLD INCOME, SOCIAL SECURITY AND MEDICARE TAXES, PLUS PAY UNEMPLOYMENT TAXES.**
3. **NON-PAYMENT OF PREVAILING WAGES AND MISCLASSIFICATION RESULTS IN MARYLAND LOSING UNCOLLECTED INCOME TAXES.**
4. **THE UNEMPLOYMENT INSURANCE FUND LOSES REVENUES.**
5. **NON-PAYMENT OF PREVAILING WAGES AND MISCLASSIFICATION DENY WORKERS PROTECTIONS AND BENEFITS THEY ARE ENTITLED TO – SUCH AS WORKERS COMPENSATION INSURANCE COVERAGE.**
6. **MISCLASSIFICATION PENALIZES THOSE CONTRACTORS WHO WITHHOLD INCOME, SOCIAL SECURITY AND MEDICARE TAXES. IT PENALIZES CONTRACTORS WHO PAY UNEMPLOYMENT TAXES AND PROVIDE EXPENSIVE WORKERS COMPENSATION INSURANCE COVERAGE.**
7. **AS NOTED, FAILURE TO PAY THE PREVAILING WAGE AND MISCLASSIFICATIONS CAUSE LAW-ABIDING CONTRACTORS TO SUFFER UNFAIR COMPETITION.**
8. **A RECENT STUDY BY THE CENTURY FOUNDATION STATES THAT “UP TO 2.1 MILLION U.S. CONSTRUCTION WORKERS ARE ILLEGALLY MISCLASSIFIED OR PAID OFF THE BOOKS.” THE**

TWENTY-FOUR (24) PAGE STUDY BY CONSTRUCTION DIVE CAN BE FOUND AT THE FOLLOWING LINK:

<https://tcf.org/content/report/up-to-2-1-million-u-s-construction-workers-are-illegally-misclassified-or-paid-off-the-books/>

9. YOU WILL HEAR OPPOSITION TO THE BILL. THIS WILL INCLUDE THAT YOU HAVE ENOUGH LAWS ALREADY TO ADDRESS THESE ISSUES. BUT WHAT YOU HAVE IS NOT WORKING! ASK THE 45 IRON WORKERS ON A CLINTON, MARYLAND, HMW, LLC, PROJECT. THE COMPANY FALSIFIED ITS CERTIFIED PAYROLLS AND HID THE FACT THAT THEY WERE MAKING AT LEAST \$14 AN HOUR LESS PER HOUR THAN THE PROJECT'S REQUIRED WAGE FOR IRON WORKERS.
10. NEIGHBORING JURISDICTIONS ARE DISBARRING EMPLOYERS FOR MISCLASSIFICATION OF EMPLOYEES. ONE EXAMPLE IS SET FORTH IN VIRGINIA CODE SECTION 58.1-1902. DEBARMENT: CIVIL PENALTY. (A COPY OF THE SECTION IS ATTACHED.) THE ATTORNEY GENERAL FOR THE DISTRICT OF COLUMBIA RECENTLY SETTLED A DRYWALL CONTRACTOR CASE FOR A LARGE MONETARY SUM AND DISBARMENT FOR A YEAR. WE RECOMMEND THAT MARYLAND ENACT SIMILAR DISBARMENT PROVISIONS.

WE REQUEST THAT SENATE BILL 436 BE APPROVED.

Code of Virginia  
Title 58.1. Taxation  
Chapter 19. Worker Misclassification

**§ 58.1-1902. Debarment; civil penalty.**

A. Whenever the Department determines that an employer failed to properly classify an individual as an employee under the provisions of § 58.1-1900, the Department shall notify such employer of the determination. This notification shall serve as an action by the Department with respect to debarment that allows the employer to apply for relief pursuant to §§ 58.1-1821 and 58.1-1825.

B. Upon an employer's subsequent violations of subsection A, and after all rights of administrative and judicial appeals have been exhausted or the time period for bringing such appeals has expired, the Department shall provide notice to all public bodies and covered institutions of the name of such employer. Public bodies and covered institutions shall not award a contract to such employer or to any firm, corporation, or partnership in which the employer has an interest in the following manner:

1. For a period of up to one year, as determined by the Department, from the date of the notice provided pursuant to this subsection for a second offense.
2. For a period of up to three years, as determined by the Department, from the date of the notice provided pursuant to this subsection for a third or subsequent offense.

2020, cc. 681, 682; 2023, cc. 518, 519.