



Bill No: SB 436— Workplace Fraud and Prevailing Wage - Violations - Penalties and Referrals

Committee: Finance

Date: 2/15/2024

Position: Unfavorable

The Apartment and Office Building Association of Metropolitan Washington (AOBA) represents members that own or manage more than 23 million square feet of commercial office space and 133,000 apartment rental units in Montgomery and Prince George's Counties.

Senate Bill 436 seeks to expand criminal penalties for employers knowingly failing to correctly classify individuals as employees under the Workplace Fraud Act and contractors and subcontractors under the Prevailing Wage law. The charges can escalate to a misdemeanor, including a fine of up to \$5,000 or imprisonment for 60 days.

AOBA understands the intent of this legislation and already complies with existing statutes to ensure that they are not violating the law. The Maryland Department of Labor currently holds the authority to address the intentional misclassification of employees appropriately and imposes sanctions for those found to have violated the law. The current laws provide a framework for penalties for bad actors, and this bill is unnecessary and excessive.

For these reasons, AOBA requests an unfavorable report on SB 436. For further information, contact Ryan Washington, AOBA's Government Affairs Manager, at 202-770-7713 or email rwashington@aoba-metro.org.