



**TESTIMONY FOR SB0436
WORKPLACE FRAUD AND PREVAILING WAGE – VIOLATIONS – PENALTIES AND
REFERRALS**

Bill Sponsor: Senator Gile, et al

Committee: Finance

Organization Submitting: Maryland Legislative Coalition

Person Submitting: Cecilia Plante, co-chair

Position: FAVORABLE

I am submitting this testimony in favor of SB0436 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists and our Coalition supports well over 30,000 members.

Classification of employees affects not only the employee, but also the state's tax base. There are many businesses today who classify employees as contractors in order to avoid paying their portion of taxes and benefits. They transfer the cost of getting health insurance and other benefit costs onto the employee and they deprive the state of tax revenue. This is fraud.

This bill, if enacted, would make it a misdemeanor to knowingly misclassify employees as contractors. It would penalize the employer with a fine of up to \$5,000 or imprisonment of up to 60 days for each employee who was misclassified. Our members understand that businesses must make a profit in order to survive, but if they mistreat employees in this way and defraud the state of tax revenue, they should be penalized.

We support this bill and recommend a **FAVORABLE** report in committee.