



Committee: House Economic Matters Committee

Bill Number: HB 1096 – Fraud Prevention and Worker Protections – Prohibitions, Penalties, and Enforcement

Date: February 26, 2025

Position: Favorable

The Laborers' International Union of North America (LiUNA) Mid-Atlantic Region strongly supports House Bill 1096- *Fraud Prevention and Worker Protections – Prohibitions, Penalties, and Enforcement*.

House Bill 1096 is a crucial piece of legislation that will enhance worker protections, ensure fair wages, and uphold the integrity of Maryland’s labor laws. This bill significantly expands coverage under the Workplace Fraud Act (WFA) to all industries, extending protections beyond the construction and landscaping sectors to benefit a wider range of workers.

Addressing Worker Misclassification Will Ensure Fair Labor Standards Are Upheld.

Worker misclassification remains a serious issue, depriving employees of essential rights and benefits while creating an uneven playing field for law-abiding businesses. By extending accountability to general contractors, higher-tiered contractors, and successors for the misclassification of workers by subcontractors, HB1096 ensures that all responsible parties uphold fair labor standards. Additionally, prohibiting private agreements that attempt to waive compliance

with this law prevents employers from circumventing their obligations and undermining worker protections.

Penalties Will Deter Violations and Improve Compliance.

The bill introduces meaningful penalties to deter violations. Employers who fail to properly classify employees will face civil penalties ranging from \$5,000 to \$10,000 per misclassified worker, with increased fines of up to \$25,000 for knowing violations. These penalties serve as a powerful incentive for compliance while providing restitution for affected workers. Furthermore, the Commissioner's enforcement authority, including the ability to issue citations and seek administrative search warrants, strengthens oversight and ensures timely accountability.

HB1096 also introduces significant licensing consequences for violators, ensuring that professional and occupational licensees who engage in worker misclassification are held accountable. By mandating that licensing authorities be notified of final violations, this bill reinforces the principle that businesses operating in Maryland must adhere to fair labor practices.

In addition, this legislation empowers the Attorney General to take legal action against employers who fail to pay at least 10 employees the required wages or who accumulate unpaid wages of \$25,000 or more. By authorizing the recovery of unpaid wages, liquidated damages, and civil penalties, HB1096 provides a powerful tool for the enforcement of wage laws. The creation of the Worker Protection Unit within the Office of the Attorney General further underscores Maryland's commitment to safeguarding workers' rights and holding bad actors accountable.

Finally, the inclusion of workplace fraud as grounds for debarment from state contracts reinforces the state's commitment to ensuring that only responsible businesses benefit from public funding.

Additionally, amendments to the Maryland False Claims Act will address fraudulent practices related to unemployment insurance contributions, further protecting workers and state resources.

HB1096 represents a comprehensive and necessary step toward ensuring that all Maryland workers receive the protections and compensation they rightfully deserve. By closing loopholes, strengthening enforcement mechanisms, and holding employers accountable, this legislation will promote a fair and just labor market.

LiUNA Mid-Atlantic urges the committee for a **favorable report on HB1096** to protect Maryland's workforce and ensure a level playing field for all employers.

If you have any questions, please contact LiUNA's lobbyist, William Kress, Esquire at

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