



Testimony of 32BJ SEIU in Support of HB 632 February 13, 2025

SERVICE EMPLOYEES
INTERNATIONAL UNION
CTW, CLC

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32BJ SEIU is pleased to submit this testimony in support of House Bill 632, which would amend the Workplace Fraud Act to extend the Act's protections against independent contractor misclassification to all industries in the State.

32BJ SEIU represents over 175,000 members up and down the East Coast, with 4,500 members in Maryland. Our members are the backbone of the property service industry: they are the essential cleaners, security guards, airport workers, and other building service workers who keep our homes, workplaces, schools, and transportation hubs clean and safe. With our dedicated members, we fight to raise wage and benefits standards and ensure workers are treated with fundamental dignity and respect.

On behalf of our union and members, we urge the legislature to support HB 632, which would help protect workers in property service sectors from independent contractor misclassification. This abusive practice can cheat workers of wage & hour, paid leave, and anti-discrimination protections; subject them to higher taxes; strip them of workers' compensation and unemployment insurance benefits; and rob them of organizing rights.ⁱ While janitors hired by a cleaning contractor are almost never truly in business for themselves – the hallmark of a legitimate independent contractor – dishonest employers may call them independent contractors in attempt to convince the workers, courts and labor regulators that the workers are not protected by workplace laws that only cover “employees”.ⁱⁱ

The consequences of independent contractor misclassification can be devastating. At 32BJ, we have seen janitorial firms fail to make tax withholdings and pay their portion of federal payroll taxes, burdening workers with a much higher tax rate and responsibility for all tax filings.ⁱⁱⁱ Companies may deny workers an overtime premium when workers work more than 40 hours a week, saying that they are eligible for overtime pay. And when workers attempt to exercise their federal right to organize a union, employers may retaliate against them, claiming they aren't protected by the National Labor Relations Act.

Another consequence of independent contractor misclassification is that responsible employers may find themselves unable to compete with lower-bidding companies that reap the benefits of artificially low labor costs. This is especially a problem in janitorial and other property service work. Employers in these sectors can gain competitive advantage by misclassifying workers and illegally driving down payroll costs, undercutting above-board companies that have negotiated contracts with 32BJ or otherwise attempt to play by the rules.

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This also undermines good union standards that allow regular working people to support their families and build strong communities in Maryland.

Extending protections against independent contractor misclassification will give workers and advocates more tools to fight violations and raise the consequences for companies that seek to strip workers of employee status and protections. It will also send a message to workers and employers that the State takes independent contractor abuses seriously, hopefully encouraging greater compliance with workplace laws.

We thank you for your attention to this important issue and your efforts to protect hard-working Maryland families.

ⁱ Sarah Leberstein and Catherine Ruckelshaus, "Independent Contractor vs. Employee: Why independent contractors misclassification matters and what we can do to stop it" (National Employment Law Project, May 2016), available at <https://www.nelp.org/app/uploads/2016/05/Policy-Brief-Independent-Contractor-vs-Employee.pdf>.

ⁱⁱ Sarah Leberstein and Catherine Ruckelshaus, "Independent Contractor vs. Employee: Why independent contractors misclassification matters and what we can do to stop it" (National Employment Law Project: May 2016), available at <https://www.nelp.org/app/uploads/2016/05/Policy-Brief-Independent-Contractor-vs-Employee.pdf>; Rebecca Smith and Sarah Leberstein, "Rights on Demand: Ensuring Workplace Standards in the On-Demand Economy," (National Employment Law Project, Sept. 2015), available at <https://www.nelp.org/app/uploads/2015/09/Rights-On-Demand-Report.pdf>.

ⁱⁱⁱ Analysis of payroll documents collected and analyzed, and interviews conducted by 32BJ SEIU staff.

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