



Testimony - HB 632, Labor and Employment - Workplace Fraud - Application
(Maryland Workplace Fraud Act of 2025)

Favorable

House Economic Matters Committee

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Christopher C. Cano, MPA

Director of Political & Legislative Affairs on Behalf of SEIU Local 500

Honorable Chairman Wilson & Members of the House Economic Matters Committee:

SEIU Local 500 represents over 23,000 workers across Maryland from multiple sectors. Our members have a role in the lives of Marylanders from cradle to career. We wish to express our support for House Bill 632. Expanding the provisions of the existing law, which prohibits employers from misclassifying workers, to apply to all private-sector employers, rather than just those in the construction and landscaping industries is sound policy.

Currently, the Maryland Workplace Fraud Act only applies to employers in the construction and landscaping industries. While this has provided some protection to workers in these sectors, it leaves millions of workers in other industries vulnerable to exploitation. By broadening the scope of the law, HB 632 ensures that all workers in Maryland are protected from employer misclassification and workplace fraud, no matter their industry. Misclassification, whether intentional or accidental, deprives workers of the benefits and protections they are entitled to under state and federal labor laws, including access to unemployment benefits, workers' compensation, and overtime pay. This bill corrects that by ensuring that all workers in Maryland are treated fairly and appropriately classified by their employers.

Expanding the Maryland Workplace Fraud Act to include all private-sector employers is an important step toward ensuring fair treatment for employees in every field. Workers in industries such as retail, hospitality, technology, and healthcare, among others, are just as vulnerable to misclassification as those in construction and landscaping. When

workers are misclassified as independent contractors instead of employees, they often miss out on essential benefits like health insurance, paid sick leave, and retirement savings, putting their financial security at risk. The expanded provisions in House Bill 632 will help protect these workers and ensure that they receive the benefits and protections they deserve.

In addition to protecting workers, HB 632 is also beneficial for employers. Misclassification of workers creates an uneven playing field, where companies that follow the law face unfair competition from businesses that avoid paying proper wages, benefits, and taxes. By extending these protections to all industries, this bill levels the playing field, ensuring that employers who comply with labor laws are not undercut by those who engage in workplace fraud. It also encourages responsible business practices by clarifying the legal obligations of all employers, reducing the likelihood of costly lawsuits and penalties for noncompliance.

This bill strengthens Maryland's workforce by ensuring that all employees are classified correctly, receive the wages and benefits they are entitled to, and are protected from exploitation. A well-compensated and fairly treated workforce is not only more productive but also contributes more to the state's economy. By ensuring that workplace fraud is addressed in all sectors, HB 632 will help create a more sustainable, equitable economy where both workers and businesses can thrive.

Workplace fraud—whether through misclassification or failure to properly compensate employees—undermines trust in the labor market and damages the reputation of industries as a whole. House Bill 632 provides an important tool in the fight against fraud and abuse by making it clear that misclassifying workers is unacceptable in all sectors, not just in construction and landscaping. By applying these standards broadly, Maryland sends a strong message that fraudulent employment practices will not be tolerated.

By expanding the Maryland Workplace Fraud Act to cover all private-sector employers, this bill provides crucial protections for workers, ensures fair competition among businesses, and strengthens the integrity of Maryland's labor market. It is a necessary step toward creating a more just and equitable economy for all Marylanders.

We strongly urge the committee to support HB 632 and provide a favorable report.

Thank you for your consideration.

Christopher C. Cano, MPA
Director of Political & Legislative Affairs
SEIU Local 500