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Appropriations Committee
Subcommittees

Oversight Committee on Personnel

Public Safety and Administration



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THE MARYLAND HOUSE OF DELEGATES
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**HB632: Labor and Employment - Workplace Fraud - Application (Maryland Workplace
Fraud Act of 2025)**

Economic Matters

February 13th, 2025: 1:00 PM

Mr. Chair, Mr. Vice Chair, and members of the committee, for the record, I am Delegate Matthew Schindler, and I am here to testify in support of House Bill 632.

HB632 seeks to expand Maryland's Workplace Fraud Act by prohibiting all employers in the state from misclassifying employees for the purposes of remuneration. Under current law, only employers in the construction and landscaping industries are explicitly barred from misclassification. However, this issue extends far beyond those sectors.

Employee misclassification is a deliberate tactic used by some employers to cut labor costs and evade state and federal tax obligations. This practice strips workers of fundamental workplace protections, including the right to unionize, access to overtime pay, eligibility for unemployment insurance, and disability compensation. It also shifts the tax burden onto employees, further exacerbating financial hardships.

Industries particularly affected by misclassification include delivery services, childcare, food service, and other essential sectors. When businesses engage in this fraudulent practice, law-abiding employers are forced to compete on an unfair playing field. Furthermore, local, state, and federal governments suffer significant tax revenue losses, weakening the public resources that benefit us all.

Expanding the Workplace Fraud Act will ensure that all employees receive the labor rights they are entitled to while protecting ethical businesses from unfair competition. No worker should be denied fair wages and benefits, and no employer should be penalized for following the law.

For these reasons, I respectfully urge the committee to issue a **favorable report** on HB632.