



Testimony - HB 1096, Fraud Prevention and Worker Protections - Prohibitions,
Penalties, and Enforcement
Favorable
House Economic Matters Committee
February 26, 2025
Terence Cavanagh
On Behalf of SEIU Local 500

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

SEIU Local 500 is one of Maryland's largest public sector unions. I am here today representing over 23,000 workers to ask on their behalf for your support of House Bill 1096. This bill is crucial to ensuring fair labor practices, enhancing worker protections, and holding bad actors accountable in Maryland's workforce.

HB 1096 strengthens the Maryland False Claims Act (MFCA) by expanding its scope to include fraudulent underpayments of unemployment insurance contributions and improper claims for benefits exceeding \$15,000 annually. This provision is essential to maintaining the integrity of our unemployment insurance system and preventing fraud that harms both workers and taxpayers.

Additionally, the bill enhances enforcement of wage and hour laws by providing the Attorney General with expanded authority to pursue claims on behalf of workers when widespread violations occur. It also introduces stricter penalties for employers that knowingly misclassify employees as independent contractors—a practice that deprives workers of essential benefits and protections while undermining law-abiding businesses.

A key component of HB 1096 is the establishment of the Worker Protection Unit within the Office of the Attorney General. This unit will focus on enforcing labor laws, investigating fraudulent workplace practices, and ensuring that workers receive the wages and benefits to which they are entitled. By centralizing enforcement efforts, Maryland can more effectively combat wage theft and employer misconduct.

Furthermore, the bill mandates that civil penalties and damages collected for violations of prevailing wage laws be directed toward restitution for affected workers. This provision ensures that workers who have been wronged are compensated fairly and expedites financial relief for those impacted by wage violations.

Fair labor practices are fundamental to a thriving economy. HB 1096 sends a strong message that Maryland stands firmly against workplace fraud, wage theft, and the exploitation of workers. By holding unscrupulous employers accountable and providing stronger enforcement mechanisms, this legislation protects Maryland workers while leveling the playing field for businesses that comply with the law.

I respectfully urge the committee to give HB 1096 a favorable report. Thank you for your time and consideration.

Terence Cavanagh
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