



House Bill 0632
Labor and Employment - Workplace Fraud - Application
(Maryland Workplace Fraud Act of 2025)
In the Economic Matters Committee
Hearing on February 13, 2025
Position: FAVORABLE

Maryland Legal Aid submits its testimony on HB 0632 at the request of Delegate Schindler.

Maryland Legal Aid (MLA) asks that the Committee report **favorably and pass** HB 0632, which will extend the protections of the Maryland Workplace Fraud Act (the Act) to all industries. In its current form, the Act protects construction and landscape workers by presuming workers in those industries to be employees, rather than independent contractors. HB 0632 would afford this presumption of employee status to all workers. Status as an employee grants workers significant wage protections, as well as other benefits. Without these protections in place, many businesses currently misclassify workers as independent contractors.

Maryland Legal Aid (MLA) is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents. Our twelve offices serve residents in each of Maryland's 24 jurisdictions and handle a range of civil legal matters. Workplace misclassification is widespread in industries that employ low-income people, like MLA's clients.

The Maryland Workplace Fraud Act must be updated to reflect Maryland's current economic realities.

The Act was first enacted in 2009 and updated in 2012. No changes have been made to the Act since that time, despite significant changes to Maryland's economy. In 2009, the construction and landscaping industries were notorious for their misclassification of workers. In 2025, the same can be said for employers in the gig economy, such as rideshare or food delivery services. Abuses are common outside the gig economy as well, with many low-income professions regularly misclassifying workers.

Misclassification is wage theft by another name. It also misappropriates money from Maryland's economy and social safety nets.

When MLA clients are misclassified, they miss out on pay protections, and for low-income workers each penny counts. Independent contractors are not guaranteed minimum wage or overtime pay. In other words, by misclassifying low-income workers as independent contractors, employers are perpetrating wage theft.

Independent contractors also miss out on other workplace protections that are afforded to employees. These protections are wide ranging, and include protection against discrimination, the right to organize, sick/medical/family leave, and health/safety protections.

In addition to harming low-income workers, employee misclassification harms Maryland's economy, because these businesses generate lower tax revenues. It also bankrupts the state's social safety net, because employers are not required to contribute to unemployment insurance, disability insurance or worker's compensation.

Gig workers and other low-income earners are often sold a false narrative about flexibility and independent contracting.

Employers often wrongly insist that low-income earners prefer status as independent contractors because these jobs give workers more flexibility. In reality, many gig economy jobs are highly controlled by the employer. Rideshare and food delivery apps, for example, closely monitor workers, and have strict requirements around routes, timeliness, and acceptance rates. Independent contractors are not guaranteed any paid time off if they are sick or if they need to care for family members. Employees are allowed to unionize, which gives them the power and protection to bargain for flexible hours and benefits like extended parental leave.

MLA urges passage of HB 0632, to extend the Maryland Workplace Fraud Act's worker protections to all Marylanders.

If you would like additional information on this bill or the underlying issues it addresses, please contact Meaghan McDermott, Advocacy Director for Community Lawyering and Development, at mmcdermott@mdlab.org or 410-951-7635.