



TECHNET
THE VOICE OF THE
INNOVATION ECONOMY

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March 3, 2025

The Honorable Pam Beidle
Chair
Senate Finance Committee
Maryland Senate
3 East Miller Senate Office Building
11 Bladen Street, Annapolis, MD 21401

RE: SB 938 (OAG) - Fraud Prevention and Worker Protections - Prohibitions, Penalties, and Enforcement – Unfavorable

Dear Chair Beidle and Members of the Committee,

On behalf of TechNet, I'm writing to share our concerns on SB 938.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over 4.5 million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance. TechNet has offices in Austin, Boston, Chicago, Denver, Harrisburg, Olympia, Sacramento, Silicon Valley, Tallahassee, and Washington, D.C.

The modern workforce requires a flexible employment environment that allows workers to find opportunities that match their skills, interests, and availability. The composition of the U.S. workforce is changing as new technologies have provided low-barrier access to flexible, independent work. Over time, in large part due to the availability of the gig and sharing economies, the independent workforce has grown to serve as an important source of supplemental earnings for millions of Americans.

Many in the modern, independent workforce find they get better financial returns on their skills than similar groups in the traditional workforce. Perhaps the biggest benefit to this new workforce is the flexibility that self-employment, independent contracting, and freelancing provides, which allows the independent workforce to balance work, family, and leisure activities differently than in a traditional employment relationship.

While TechNet is supportive of efforts to combat any kind of employment fraud, we are concerned that SB 938 creates a presumption for traditional employment without considering the independent contractor workforce.

Any classification law should protect independent contractor and consultant classifications and avoid inappropriately restrictive standards that could disrupt the arrangements the independent workforce enjoys today. We are concerned that the terms in SB 938 conflate independent contractors with traditional employees. For example, the definition of "Worker" includes employees classified or alleged to be independent contractors, regardless of the legal relationship between the parties. We believe that independent contractors should not be included in this definition of "Worker" given the unique nature and role they play in the economy. The exemptions to the employer-employee relationship are, in our view, overly prescriptive and open to interpretation.

TechNet and its members are open to providing responses to government requests for data; however, such requests need to strike the right balance for consumer protection, business innovation, trade secrets, and privacy. Regarding complaints to the Commissioner and/or Attorney General, we are concerned that the requirements to provide records on "books, registers, payroll records, records of wage withholdings, etc.", as well as "any other records relating to compliance", will potentially reveal companies' trade secrets and intellectual property, ultimately harming competition. Further, we are concerned that the requirements laid out in this bill could lead to frivolous complaints by bad actors. Additionally, requiring the Commissioner and/or Attorney General to determine one's identity and worker activities is anti-privacy and concerning for our member companies who use independent contractors in day-to-day operations.

Many independent contractors enjoy the flexibility of gig work as it can provide supplemental income for families, and the ability to earn on one's own schedule. Again, TechNet is committed to employee protection; however, we believe that SB 938 is not the correct approach. Thank you for your consideration of our concerns and please let me know if you have any questions.

Sincerely,



Margaret Durkin
TechNet Executive Director, Pennsylvania & the Mid-Atlantic