



Senate Bill 938

Fraud Prevention and Worker Protections - Prohibitions, Penalties, and Enforcement

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Finance Committee

Date: March 5, 2025

From: Karrington Anderson

The Maryland Association of Counties (MACo) **SUPPORTS SB 938 WITH AMENDMENTS**. SB 938 aims to enhance worker protections by strengthening workplace fraud laws, expanding enforcement authority within the Office of the Attorney General, and increasing accountability for worker misclassification.

While MACo supports these goals, counties seek clarifying amendments to ensure that counties are not unfairly held liable for violations committed by third-party contractors or subcontractors when contracting or subcontracting services.

Local governments regularly engage in contracts for services essential to public operations. As currently written, SB 938 does not explicitly exclude counties from potential liability if a contractor or subcontractor is found to have violated worker classification laws. This ambiguity could create unintended consequences where counties are unfairly penalized for actions beyond their direct control. A targeted amendment clarifying that counties and other local governments are not considered liable for violations committed by independent contractors and subcontractors would prevent unnecessary legal and financial burdens on local governments.

MACo urges the Committee to adopt these amendments to preserve the bill's intended focus while ensuring that local governments are not subject to unintended liability. For these reasons, MACo urges a **FAVORABLE WITH AMENDMENTS** report on SB 938.