

Maryland Motor Truck Association



NOTHING WITHOUT
TRUCKING

HEARING DATE: March 5, 2025

BILL NO/TITLE: SB938: Fraud Prevention and Worker Protections - Prohibitions, Penalties, and Enforcement

COMMITTEE: Senate Finance

POSITION: Oppose

Maryland Motor Truck Association (MMTA) respectfully offers its opposition to this legislation. Although we have several concerns, such as the expansion of the Maryland False Claims Act to all industries, the increase in penalties for employers who are not knowingly misclassifying workers, and the imputed responsibility on general contractors for misclassification committed by subcontractors, our primary concern is the repeal of § 3-903.1 of the Labor and Employment Article. That section of law states that the presumption of an employer-employee relationship does NOT exist in certain circumstances as follows

The presumption that an employer-employee relationship exists under § 3-903(c)(1) of this subtitle does not apply if:

(1) an employer produces for inspection by the Commissioner:

(i) a written contract, signed by the employer and business entity, that:

- 1. describes the nature of the work to be performed by the business entity;*
- 2. describes the remuneration to be paid for the work performed by the business entity; and*
- 3. includes an acknowledgment by the business entity of the business entity's obligations*

under this article to:

A. withhold, report, and remit payroll taxes on behalf of all employees working for the business entity;

B. pay unemployment insurance taxes for all employees working for the business entity; and

C. maintain workers' compensation insurance;

(ii) an affidavit signed by the business entity indicating that the business entity is an independent contractor who is available to work for other business entities;

(iii) a current certificate of status of the business entity, issued by the State Department of Assessments and Taxation, indicating that the business entity is in good standing; and

(iv) proof that the business entity holds all occupational licenses required by State and local authorities for the work performed; and

(2) the employer provided to each individual classified as an independent contractor or exempt person a written notice under § 3-914 of this subtitle.

MMTA believes this is a reasonable protection against the presumption of an employer-employee relationship that should be retained. As such, the Association respectfully requests an unfavorable report.

About Maryland Motor Truck Association: Maryland Motor Truck Association is a non-profit trade association that has represented the trucking industry since 1935. In service to its 1,000 members, MMTA is committed to support, advocate and educate for a safe, efficient and profitable trucking industry in Maryland.

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