



Senate Bill 0060

Fraud Prevention, Prevailing Wage, and Living Wage – Prohibitions, Penalties,
and Enforcement

In the Finance Committee

Hearing on January 28, 2026

Position: FAVORABLE

Maryland Legal Aid submits its written testimony in support of SB0060 at the request of the Maryland Department of Labor (MDOL).

Maryland Legal Aid (MLA) represents low-wage workers across Maryland who experience wage theft, misclassification, retaliation, and systemic failures in the enforcement of labor standards. Low-wage workers often lack union representation or bargaining power, making state enforcement essential. SB0060 addresses critical gaps and strengthens protections for Maryland’s most economically vulnerable workers.

Current laws do not adequately protect workers from wage theft or misclassification.

Maryland passed the Workplace Fraud Act in 2009, but [worker misclassification is still rampant](#), according to MDOL’s own Joint Enforcement Task Force on Workplace Fraud.

[In 2023, there were over 20,000 incidents of workplace fraud in Maryland](#). Without robust enforcement and meaningful penalties, employers may intentionally underbid contracts, underpay workers, and falsify records, driving down pay and workplace standards.

MLA cannot realistically bring individual enforcement actions on behalf of all low-wage workers who have experienced labor standard violations. From our perspective, robust state enforcement is a necessary complement to our work.

SB0060 strengthens the current enforcement mechanisms by creating real consequences for employers who violate the law and by increasing reporting incentives for workers.

General contractors can evade liability under the current statutory scheme. Right now, subcontractors are more likely to take the fall for labor standard violations. SB0060 requires general contractors to take responsibility for violations on their projects.

SB0060 also creates severe penalties for violators. While the current law does create some financial penalties for bad actors, it has not been an effective deterrent. This bill keeps the

current penalties but also includes license suspensions and debarment as part of its enforcement retinue.

Workplace fraud tends to impact the most vulnerable workers; MLA clients frequently do not know they are entitled to higher wages or better standards. The bill's modest restitution provisions might incentivize more workers to file complaints. Our clients are reluctant to report violations because they fear retaliation, job loss, or blacklisting.

SB0060 codifies the relationship between MDOL and the Office of the Attorney General (OAG). Streamlined enforcement better addresses systemic violations that affect entire groups of workers and reduces the burden on individual workers to enforce labor standards alone.

SB0060 creates a statutory relationship between MDOL and OAG in labor violations cases. The bill creates a referral system and, if there are multiple violations, allows them to be merged into one case. This is an important step to ensure cases are *actually* adjudicated. Many MLA clients lack bargaining power, fear retaliation, or face language and access barriers that make it difficult to access legal assistance. A simplified and streamlined system is essential to ensure vulnerable workers can assert their rights.

SB0060's enforcement mechanisms should result in fewer worker misclassifications, which protects workers, *and* saves Maryland money by increasing employer contributions to the unemployment insurance fund.

SB0060 serves an important protective function by preserving the integrity of the unemployment insurance system and ensuring workers receive the benefits they have earned.

When workers are misclassified as independent contractors, their employers can avoid paying unemployment insurance taxes. This drains Maryland's coffers and creates a deficit in an important social safety net for low-wage workers. [Increased enforcement mechanisms could increase unemployment insurance trust fund revenues by millions of dollars.](#)

Unemployment insurance is a critical economic stabilizer for workers who lose employment through no fault of their own. In MLA's experience, workers are frequently harmed when employers misclassify employees, underreport wages, or submit false records to reduce unemployment insurance contributions. These practices result in workers being denied or delayed benefits during acute financial instability, which can lead to housing insecurity, utility shutoffs, or reliance on emergency assistance.

MLA urges passage of SB0060, to ensure and protect workers' rights and economic justice for all Marylanders.

The bill strengthens Maryland's commitment to fair wages, honest reporting, and accountability. By closing enforcement gaps and strengthening penalties for labor standard violations, the bill advances economic justice for workers.

If you would like additional information on this bill or the underlying issues it addresses, please contact N. Renae Davis, Chief Attorney for Workers' Rights, at ndavis@mdlab.org or Meaghan McDermott, Advocacy Director for Community Lawyering and Development, at mmcdermott@mdlab.org.