

PJC - SB 0060 - Fav.pdf

Uploaded by: Amy Gellatly

Position: FAV



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SB0060, Fraud Prevention, Prevailing Wage, and Living Wage - Prohibitions, Penalties, and Enforcement

Hearing before the Senate Finance Committee, January 28, 2026, 2:00pm

Position: FAVORABLE

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Workplace Justice Project works to expand and enforce the right of low-wage workers to receive an honest day's pay for an honest day's work. We have supported the General Assembly's efforts over the years to combat the problem of independent contractor misclassification, which robs low-wage workers of wages and benefits and deprives the state of much-needed tax revenue. **Therefore, we support SB 60, which proposes modest and common-sense fixes to the state's existing workplace fraud enforcement mechanisms.**

I want to highlight five important provisions of SB 60.

First, the bill addresses the cost to the state's unemployment insurance fund when employers knowingly misclassify their workers as independent contractors, depriving the state of payroll tax contributions. SB 60 classifies this fraud as a false claim against the state, thereby empowering the state with enforcement authority to pursue these bad actors under our false claims act statute. This provision is designed to catch bad actors because it only applies to employers who **knowingly** make false claims to the state. It therefore it poses no threat to Maryland's law-abiding employers. Last year's fiscal note on similar language proposed by SB 938 found that the state's unemployment insurance revenues could increase "**potentially by millions of dollars**" if the state had a stronger enforcement regime to compel proper classification and payroll tax contributions.¹ We see this provision as a win-win-win for workers, the government coffers, and the vast majority of Maryland employers, who are already following the law and therefore will no longer be undercut by those engaging in fraud.

Second, SB 60 sets up a process to **revoke business licenses** from employers who flout the law, either knowingly misclassifying their workers, or, having unknowingly misclassified their workers, are now refusing to comply with court- or agency-ordered remedies against them. In a report released last year, the state's Joint Enforcement Task Force on Workplace Fraud acknowledged that workplace fraud persists, even in the specific

¹ Department of Legislative Services, MGA 2025 Session, SB 938, Fiscal Policy Note, 11.

The Public Justice Center is a 501(c)(3) charitable organization and as such does not endorse or oppose any political party or candidate for elected office.

industries that our Workplace Fraud Act was designed to address: construction and landscaping.² This finding suggests the existing enforcement framework has not adequately deterred or punished workplace fraud. We believe employers will take the threat of losing their licenses much more seriously than the threat of a mere financial penalty, which they can and do factor into the cost of doing business. We acknowledge that losing one's license is a drastic remedy, which should be preserved only for the most flagrant abusers of the law. We believe SB 60 threads that needle by giving employers a process to challenge a revocation and by differentiating between employers who have knowingly or unknowingly violated the law.

- At the Public Justice Center, we often see employers who, when faced with any kind of consequence for violating their workers' rights, simply abandon one LLC and open another, continuing with their bad behavior. This tactic is minimally disruptive to business while maximizing a bad actor's ability to evade the consequences of their actions. SB 60 wisely foresees and prevents this loophole by ensuring that the revocation of a business license extends **to any successor entity** that has one or more of the same principals or officers as the guilty LLC.

Third, SB 60 gives a small share of the DOL's enforcement penalty to the workers who reported the violation.

- At the Public Justice Center, we regularly encounter low-wage workers who have been misclassified and who are weighing the costs of coming forward. We are hopeful that this remedy, while modest, will incentivize more workers to come forward and report their exploitation to the agency.

The fourth important provision of SB 60 is the creation of joint and several liability for general contractors whose subcontractors misclassify their employees as independent contractors. This is not a new concept under Maryland law. Under our existing Wage Payment and Collection Law, general contractors on construction projects already have joint and several liability when their subcontractors don't pay the correct wages to their employees.³ The language proposed by SB 60 merely extends this logic to the framework of the Workplace Fraud Act, such that general contractors on construction projects are not only automatically liable for nonpayment of wages but also for their subcontractors' misclassification of employees.

- At the Public Justice Center, we regularly encounter cases where the general contractor has attempted to distance itself from the treatment of workers by outsourcing hiring and/or payroll to a labor broker. In these cases, the general contract attempts to hide behind the screen of the intermediary, claiming to have no idea that the workers are being misclassified and therefore underpaid. SB 60 makes clear that general contractors are expected to ensure compliance of all workplace laws on projects they oversee.

Finally, SB 60 sets up a proactive structure for collaboration between the Department of Labor and the Office of the Attorney General, requiring at least monthly meetings to share information and ensure adequate enforcement of Maryland's important workers' rights statutes. It also requires DOL to make referrals to the OAG in certain instances to help develop cases. We are glad to see these specific and measurable metrics to ensure the agencies' collaboration endures.

This bill does not change any of the tests that differentiate employees from contractors. It simply enhances collaboration between the agencies tasked to enforce these laws and gives them stronger tools to do so. SB 60 helps law-abiding employers by limiting the options for bad actors to exploit loopholes in the law. For the foregoing reasons, the PJC **SUPPORTS SB 60** and urges a **FAVORABLE** report. Should you have any questions, please contact Amy Gellatly at gellatlya@publicjustice.org or (410) 625-9409, ext. 223.

² Maryland Department of Labor, Joint Enforcement Task Force on Workplace Fraud: 2024 Annual Report, February 2025.

³ Md. Labor and Employment Code Ann. § 3-507.2(c) ("a general contractor on a project for construction services is jointly and severally liable for a violation of this subtitle that is committed by a subcontractor, regardless of whether the subcontractor is in a direct contractual relationship with the general contractor.")
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SB 60 AFSCME Council 3 Testimony_FAV.pdf

Uploaded by: Christian Gobel

Position: FAV



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Patrick Moran – President

SB 60 – Fraud Prevention, Prevailing Wage, and Living Wage – Prohibitions, Penalties, and Enforcement
Finance Committee
January 28, 2026

FAVORABLE

AFSCME Maryland Council 3 supports Senate Bill 60. Senate Bill 60 amends various provisions of state law concerning Workplace Fraud, Prevailing Wage, and Living Wage enforcement. The legislation promotes greater cooperation between the Commissioner of Labor and the Office of the Attorney General to review information concerning complaints, referrals, and coordinate enforcement activity. Senate Bill 60 also promotes accountability by ensuring general contractors, and licensees in certain industries, are properly classifying individuals as employees rather than independent contractors. Finally, the legislation also prohibits a person from knowingly making, using, or causing to be made or used false records or statements that result in underpayment of contributions owed to the Unemployment Insurance Fund.

AFSCME Maryland Council 3 represents approximately 55,000 public service workers across varying levels of government including city, county, state, and higher education. AFSCME members are on the frontlines every day delivering critical public services our communities depend on. AFSCME is proud to represent employees at the Maryland Department of Labor, including Wage and Hour Investigators, who are charged with protecting workers and ensuring our state's labor and employment laws are followed.

Worker misclassification is a serious problem that impacts workers' wages, federal and state income tax revenue, and economic competitiveness between businesses that follow the law and those that skirt the rules to gain an unfair advantage at the expense of workers. For workers, employee classification ensures they have access and protection to critical federal and state labor and employment laws including wage and hour laws, collective bargaining, anti-discrimination protections, unemployment insurance, workers compensation, and paid sick and safe leave. Research on employee misclassification in certain industries within Maryland reveals that workers are losing thousands of dollars in income due to misclassification, while businesses misclassifying construction workers in Maryland avoid paying millions in overtime pay, unemployment insurance contributions, workers compensation premiums, and federal payroll taxes.¹ Senate Bill 60 enhances cooperation between state agencies enforcing crucial worker protections, while also instilling greater accountability to prevent employers from misclassifying workers. Senate Bill 60 promotes a level playing field for businesses adhering to the law and protects workers in industries susceptible to misclassification.

¹ Maryland Department of Labor, *Joint Enforcement Task Force on Workplace Fraud: 2024 Annual Report*, p. 10, February 2025, <https://labor.maryland.gov/workplacefraudtaskforce/wpffannrep2024.pdf>.

In order for this legislation to be successfully implemented, more merit positions are needed to support compliance and enforcement of our state's labor and employment laws. Additionally, sufficient training to new hires and current employees charged with carrying out compliance and enforcement activities is needed. Sufficient staffing and training will be crucial to ensure the policy aims and objectives of this legislation will be successful.

We urge the committee to support Senate Bill 60.



SEIU Local 500 - Testimony in Support of SB 60 202

Uploaded by: Christopher Cano

Position: FAV



Testimony - SB 60, Fraud Prevention, Prevailing Wage, and Living Wage - Prohibitions,
Penalties, and Enforcement
Favorable
Senate Finance Committee
January 28, 2026
Christopher C. Cano, MPA
Director of Political & Legislative Affairs on Behalf of SEIU Local 500

Honorable Chairman Beidle & Members of the Senate Finance Committee:

SEIU Local 500 represents thousands of workers across the public and private sectors, including employees whose wages, benefits, and job security depend on strong enforcement of prevailing wage, living wage, and workplace fraud laws. SB 60 addresses long-standing enforcement gaps that allow bad actors to undercut responsible employers while stealing wages and benefits from workers.

This bill meaningfully strengthens Maryland's ability to combat workplace fraud by:

- Expanding the application of the Maryland False Claims Act to cover significant unemployment insurance fraud;
- Ensuring penalties and damages collected in prevailing wage cases can be used to provide direct restitution to affected workers;
- Enhancing coordination and enforcement authority between the Commissioner of Labor and Industry and the Office of the Attorney General;

- Strengthening penalties for worker misclassification and ensuring that a portion of civil penalties is paid directly to harmed workers; and
- Holding general contractors accountable for violations committed by subcontractors, closing a loophole that has enabled widespread abuse.

Too often, workers who are misclassified or underpaid face retaliation, long delays, or no meaningful remedy at all. SB 60 improves accountability while preserving due process, creating a fairer system that protects workers, taxpayers, and law-abiding employers alike.

By increasing enforcement tools and ensuring consequences for repeat and willful violators—including debarment and licensing consequences—SB 60 sends a clear message: Maryland will not tolerate wage theft, misclassification, or fraud that undermines workers and the public interest.

SEIU Local 500 urges the Senate Finance Committee to issue a favorable report on SB 60 and help ensure that workers are paid what they are legally owed and that our labor laws are enforced as intended.

Thank you for your time and consideration.

Christopher C. Cano, MPA
Director of Political & Legislative Affairs
SEIU Local 500

SB60_Maryland Center on Economic Policy_FAV.pdf

Uploaded by: Christopher Meyer

Position: FAV

Effective Worker Protections Require Effective Enforcement

Position Statement in Support of Senate Bill 60

Given before the Finance Committee

We should measure the health of our economy not simply by the number of dollars exchanged or the number of people who go to work each day, but by its ability to raise all families' standard of living. Maryland's Workplace Fraud Act and living wage and prevailing wage protections are important measures to make this vision a reality. However, current law does not do enough to stamp out independent contractor misclassification, wage theft, and other abusive workplace practices. Senate Bill 60 would strengthen the state's enforcement framework in modest but meaningful ways, leading to more effective protections for workers. **For these reasons, the Maryland Center on Economic Policy supports Senate Bill 60.**

Senate Bill 60 strengthens three important worker protection laws:

- The Workplace Fraud Act of 2009 reiterates the prohibition on independent contractor misclassification for workers in the construction and landscaping industries, and establishes an enforcement framework for these industries.
- Prevailing wage law ensures fair and competitive wages on construction projects with state funding
- Living wage law ensures fair and competitive wages in certain private employers that provide services through a contract with the state.

Important provisions of the bill include:

- Holding general contractors responsible for subcontractors' violations. Complex subcontracting relationships can make it difficult for workers to identify their legally responsible employer, and general contractors are free to impose contract terms that effectively require subcontractors to violate labor law without facing any consequences. Under Senate Bill 60, general contractors would have a strong incentive to ensure their subcontractors follow the law.
- Making lawbreaking employers ineligible for future contracts, or revoking licensure. Weak penalties allow businesses to routinely violate labor law and treat fines as a cost of doing business. Senate Bill 60 gives the state authority to permanently turn away from scofflaw employers.
- Providing modest restitution payments to victims. Workers too often face barriers to exercising their rights, such as the threat of retaliation or a time-consuming process with no guarantee of success. Restitution provides a modest incentive for workers with legitimate claims to exercise their rights and hold bad employers accountable.

- Requiring increased cooperation between the Maryland Department of Labor and the Office of the Attorney General. When enforcement agencies share information and work together, they can more effectively ensure that businesses follow the law and treat workers fairly.

Senate Bill 60 is an important step in the right direction. We should take further steps to protect Maryland workers:

- Misclassification is by definition illegal for workers in all industries, but the Workplace Fraud Act's enforcement framework only applies to construction and landscaping. The law should be extended to protect all Maryland workers.
- Senate Bill 60's improved enforcement measures would make a big difference if they were extended to apply to other labor law violations, such as minimum wage, overtime and other types of wage theft, and paid sick days.
- Effective enforcement requires a well-functioning enforcement agency. Policymakers should strengthen funding for the Employment Standards Service and establish a dedicated worker protection unit within the Office of the Attorney General.

Senate Bill 60 represents a meaningful step toward protecting Maryland workers and holding scofflaw employers accountable.

For these reasons, the Maryland Center on Economic Policy supports Senate Bill 60.

SB60_Comptroller .pdf

Uploaded by: Comptroller Brooke Lierman

Position: FAV

Letter of Support**Senate Bill 60 – Fraud Prevention, Prevailing Wage, and Living Wage - Prohibitions, Penalties, and Enforcement***Finance Committee -- January 28, 2026*

Dear Chair Beidle, Vice Chair Hayes, and Members of the Committee:

The Office of the Comptroller of Maryland respectfully supports Senate Bill 60, which strengthens fraud prohibitions and enhances enforcement mechanisms related to unemployment insurance contributions, prevailing wage, and living wage requirements.

Workplace fraud and worker misclassification are direct attacks on Maryland's fiscal stability and are primary drivers of the State's tax gap. As of the close of FY2024, Maryland faced more than \$3.6 billion in outstanding tax revenue. While our office has made significant progress—collecting \$800 million through audits in 2024 alone—closing the remaining gap requires the modern enforcement tools provided in this bill. The JETF 2025 Annual Report identified over \$36 million in unreported taxable wages last year, revenue that should be supporting Maryland's schools and infrastructure. Senate Bill 60 provides the critical tools needed to modernize our enforcement framework:

- **Expanding the False Claims Act:** By incorporating prevailing and living wage violations into the Maryland False Claims Act, the State can seek treble damages and civil penalties against those who knowingly defraud the government, providing a significant deterrent against large-scale tax evasion.
- **Strengthening Debarment Mechanisms:** As a member of the Board of Public Works (BPW), the Comptroller is responsible for the integrity of state procurement. Following the BPW's recent action in November 2025 to issue the first debarments in eight years, SB 60 strengthens this process by providing the statutory findings of fraud necessary for the BPW to effectively debar vendors who violate labor and tax laws.
- **Complementing Data-Driven Enforcement:** Since taking office, we have made strategic investments to improve the agency's enforcement capabilities, including allocating enhanced resources to our Fraud Detection & Business Intelligence unit and creating a dedicated High Value Audit team within our Compliance Division. SB 60 provides the legal framework to act on the insights these teams generate, ensuring that identified fraud is met with certain and swift consequences.

By integrating these violations into a robust fraud-prevention framework, SB 60 ensures that every dollar owed to the State is accounted for and that Maryland's law-abiding employers are not disadvantaged by those who skirt the law.

If you have any questions, please do not hesitate to reach Stephen Harrington, Head of Government Affairs at SHarrington@marylandtaxes.gov.

Sincerely,

Brooke Lierman
Comptroller of Maryland

SB60_FAV.pdf

Uploaded by: Donna Edwards

Position: FAV



MARYLAND STATE & D.C. AFL-CIO

Affiliated with the National AFL-CIO

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SB 60 - Fraud Prevention, Prevailing Wage, and Living Wage - Prohibitions, Penalties, and Enforcement

Senate Finance Committee

January 28, 2026

SUPPORT

Donna S. Edwards

President

Madame Chair and members of the Committee, thank you for the opportunity to submit testimony in support of SB 60. On behalf of our 700 affiliated unions, I offer the following comments.

Workplace fraud is a widespread and growing issue across all sectors in Maryland. According to a report by Maryland's Joint Enforcement Task Force on Workplace Fraud (JETF), the Task Force agencies discovered over 5,500 misclassified workers and over \$36 million in unreported taxable wages.¹ By committing workplace fraud, employers undermine fair labor practices and cheat the federal, state, and local governments of millions of dollars in taxes and revenues. They strip workers of basic protections, shift costs onto taxpayers, and undercut employers who abide by the law.

SB 60 addresses this problem in the construction and landscaping industries by expanding powers of the Commissioner of Labor and Industry so investigations move faster, decisions are made in a timely fashion, and employers can no longer drag out cases until workers give up. It sets clear expectations for when citations must be issued, when cases must be referred, and how evidence should be shared, allowing for a transparent process with limited delays where workers know what to expect.

It requires coordination between the Department of Labor and the Attorney General's office to enhance accountability and encourage streamlined communication and collaboration. SB 60 creates a formal structure for information-sharing, monthly meetings, and case referrals. This prevents cases from dying and ensures enforcement takes place.

¹ "New Report on Workplace Fraud in Maryland Finds Thousands of Misclassified Workers in Maryland." Maryland Department of Labor. February 20, 2025.



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The bill also strengthens oversight on public works projects by imposing stronger penalties on prevailing wage jobsites and requiring public bodies to withhold funds if any violations occur. It closes a loophole by extending liability to general contractors when their subcontractors commit workplace fraud, ensuring accountability to the law. Additionally, the bill creates significant consequences for repeat violators by tying workplace fraud violations to licensing actions and debarment. Employers who repeatedly break the law should not continue receiving public contracts or operating with state-issued licenses if they disregard the law.

SB 60 takes the necessary steps to create a stronger enforcement system that workers can rely on.

For these reasons, we urge a favorable vote on SB 60.



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SB 60 Greg Akerman Baltimore DC Building Trades (F

Uploaded by: Greg Akerman

Position: FAV



Wednesday, January 28, 2026

The Honorable Pamela Beidle, Chair
The Honorable Antonio Hayes, Vice Chair
Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401

**Testimony of Greg Akerman, President, Baltimore DC Metro Building Trades Council on
SB 60: Fraud Prevention, Prevailing Wage, and Living Wage - Prohibitions, Penalties, and Enforcement
Position: FAVORABLE**

Thank you Chair Beidle, Vice Chair Hayes, and Members of the Senate Finance Committee for the opportunity to offer testimony on SB 60. My name is Greg Akerman. I am the President of the Baltimore-DC Building Trades (BDCBT). The BDCBT's 28 affiliates represent more than 30,000 union construction workers across Maryland, Virginia, and the District of Columbia.

The BDCBT supports SB 60. This bill is a landmark piece of legislation that strengthens worker protections in Maryland. It will help combat workplace fraud, wage theft, and create a climate of accountability among construction contractors. It is also very much needed. A recent study found Maryland leads US States in wage theft violations. The study analyzed US Department of Labor data and calculated that companies in Maryland committed more than 12,600 wage theft violations between 2023 and 2025, with an average of \$2,200 in back wages owed per employee.

SB 60 is chock full of game-changing improvements to protect workers. We especially appreciate that the bill stipulates that general contractors, including those on public works projects, are liable for violations committed by subcontractors *regardless* of whether there is a direct contractual relationship between the two. Tied in with that, the bill establishes legal consequences for contractors and subcontractors who underpay the state's unemployment insurance fund because they have fraudulently classified workers as independent contractors.

Jason Ascher, SUPPORT – SB 60 – Fraud Prevention,

Uploaded by: Jason Ascher

Position: FAV



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**Phone: 410-290-3890
www.midatlanticpipetrades.o**

Finance Committee

To: Senator Pam Beidle, Chair; Senator Antonion Hayes, Vice Chair; and Members of the Committee.
From: Jason Ascher, Political Director, Mid-Atlantic Pipe Trades Association.

SUPPORT – SB 60 – Fraud Prevention, Prevailing Wage, and Living Wage – Prohibitions, Penalties, and Enforcement

On behalf of the Mid-Atlantic Pipe Trades Association and our five United Association of Plumbers and Steamfitters Locals, which represent 10,000+ Plumbers, Steamfitters, Welders, HVAC Techs, and Sprinkler Fitters across Maryland, I ask you to **SUPPORT SB 60**.

Maryland is consistently ranked among the worst states in the country for wage theft and misclassification. This is because, up until recently, there has been a reluctance to penalize contractors who violate these laws. They would get a slap on the wrist and be told, “Don’t do it again.” Here is a hint: it’s rarely a one-off situation; it is a business model. Several years ago, a contractor at Eva Turner Elementary School in Charles County submitted false certified payrolls to the Department of Labor. Workers listed on the payroll document were not the ones working on the jobsite, and the workers on the jobsite were not getting paid the prevailing wage. While these workers were resolving this in state court, the same contractor was doing the same thing on another school construction project in Prince George’s County.

SB 60 would be a step in the right direction to combat the wage-theft business model. It would impose more severe penalties for wage fraud on prevailing wage jobsites and allow the Department of Labor more leeway when investigating potential violators. It makes a general contractor jointly liable for all its subcontractors, meaning if a subcontractor is penalized, then the General contractor is too. This is something currently covered only by a private right of action for wage theft and misclassification. It would also provide the Attorney General with more opportunities to take on wage theft cases through cooperation with the Department of Labor. Finally, it would make it easier for the state to debar contractors who knowingly violate the law.

For the reason discussed above, I ask you to **SUPPORT SB 60**.

Sincerely,

Jason Ascher
Political Director
Mid-Atlantic Pipe Trades Association

Plumbers and Gasfitter Local 5 – Camp Springs, MD
Plumbers and Steamfitters Local 10 – Richmond, VA/Roanoke, VA
Plumbers and Pipefitters Local 110 – Norfolk, VA
Road Sprinkler Fitters Local 669 – Columbia, MD

Plumbers and Steamfitters Local 486 – Baltimore, MD
Plumbers and Steamfitters Local 489 – Cumberland, MD
Steamfitters Local 602 – Capitol Heights, MD



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Plumbers and Steamfitters Local 10 – Richmond, VA/Roanoke, VA
Plumbers and Pipefitters Local 110 – Norfolk, VA
Road Sprinkler Fitters Local 669 – Columbia, MD

Plumbers and Steamfitters Local 486 – Baltimore, MD
Plumbers and Steamfitters Local 489 – Cumberland, MD
Steamfitters Local 602 – Capitol Heights, MD

SB0060 Written Testimony - Google Docs.pdf

Uploaded by: Maureen Quinn

Position: FAV

SB0060-Fraud Prevention, Prevailing Wage, and Living Wage - Prohibitions, Penalties, and Enforcement

The legal remedies sought in this bill arise out of the collaboration of all state agencies who are members of the Governors' Joint Enforcement Task Force on Workplace Fraud and Misclassification (JETF). These state agencies have achieved many of their goals by signing MOUs with each other, allowing data on claims and investigations to be shared so that duplicative and costly investigations can be avoided. The JETF also created a portal which documents enforcement actions taken against businesses for workplace fraud and misclassification. All member agencies have access to that portal. I mention these achievements to highlight the fact that we've accomplished a lot without coming to the legislature for new statutory authority. However, the Department of Labor and Industry and the Office of the Attorney General cannot fulfill their missions without the ability to hold general contractors responsible for the fraud and misclassification committed by subcontractors on their work sites.

Holding general contractors responsible for misclassified employees on their work sites is not a novel legal concept in Maryland. Our state's workers compensation statute requires general contractors to pay all Orders of compensation for injured employees of subcontractors who did not carry insurance on their misclassified workers. The Maryland Workers' Compensation Commission routinely holds the general contractors liable; they are not surprised when it happens. This type of liability is known as statutory employment. The name derives from the fact that the general contractor is not the actual employer but the statute requires them act as though they were the employer. General contractors typically insure for this type of liability and this is how the system should work.

Misclassified employees should not only be protected when they're injured. They should also enjoy the rights of employees to be paid the minimum wage or the prevailing wage where appropriate. They should receive sick leave, unemployment insurance and health insurance benefits in the same manner as all employees who are not misclassified.

Subcontractors are often broke or near broke and our expert in shielding any assets they do have from judgment. Subcontractors bid for jobs without accounting for proper insurance and benefit payments on their employees. The general contractors, who are reviewing these bids and selecting these subcontractors, can easily see that workers are not adequately protected, so it is not unfair to hold those general contractors liable. They facilitated the misclassification at the outset.

DLI can implement the provisions of SB0060 without any fiscal impact. This bill adds money to the state treasury because the Office of the Comptroller will now be receiving withholding and income taxes from employees (currently they are not).

Additionally, the UEF (Uninsured Employers' Fund) can receive the civil penalties that are collected. This Committee is painfully aware of the desperate need to fund this agency so that it may continue to financially care for injured workers who were misclassified or paid "under the table."

Please issue a favorable report on SB0060.

Maureen Quinn served as a Workers' Compensation Commissioner for 20 years, then served as Chair of the Commission for the past 3 years and was a member of the Governor's Joint Enforcement Task Force on Workplace Fraud and Misclassification.

SB0060- Maryland Legal Aid- FAVORABLE.pdf

Uploaded by: Meaghan McDermott

Position: FAV



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.

Testimony in support of SB0060 - Fraud Prevention,

Uploaded by: Richard KAP Kaplowitz

Position: FAV

01/28/2026

Richard Keith Kaplowitz
Frederick, MD 21703

TESTIMONY ON SB#/0060- POSITION: FAVORABLE

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

TO: Chair Beidle, Vice Chair Hayes, and members of the Finance Committee
FROM: Richard Keith Kaplowitz

My name is Richard Keith Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of SB#/0060, **Fraud Prevention, Prevailing Wage, and Living Wage - Prohibitions, Penalties, and Enforcement**

On February 21, 2025, Maryland's Joint Enforcement Task Force on Workplace Fraud (JETF) released a new annual report, revealing the magnitude of worker misclassification in Maryland. Misclassified workers lose out on critical workplace protections, including access to unemployment benefits, compensation, health insurance coverage, minimum wage, and overtime pay, and workplace fraud also causes significant harm to employers and the state.¹

The purpose of this bill is to prohibit a person from knowingly making or using, or causing to be made or used, a false record or statement resulting in underpayments of unemployment insurance contributions or payment of unemployment insurance benefits of more than \$15,000 in a calendar year; altering the enforcement mechanisms related to workplace fraud laws, living wage laws, and prevailing wage laws, including authorizing the Attorney General to investigate and bring suit in a certain manner; etc.

The clarification of how conduct in this area is to be sanctioned and the provision of powers granted the Attorney General to investigate and sue over misconduct in this area add important employee and employer protections to Maryland.

I respectfully urge this committee to return a favorable report on SB#/0060.

¹ <https://www.marylandcomptroller.gov/content/dam/mdcomp/md/media/2025/02-21-2025-Report-Workplace-Fraud-in-Maryland.pdf>

M&A_Ironworkers Local 5_SB60 HB299_Testimony_FAV.p

Uploaded by: Roger Manno

Position: FAV



TESTIMONY IN SUPPORT OF SENATE BILL 60 / HOUSE BILL 299

FRAUD PREVENTION, PREVAILING WAGE, AND LIVING WAGE –
PROHIBITIONS, PENALTIES, AND ENFORCEMENT

SUBMITTED BY: GARY ARMSTRONG
BUSINESS MANAGER, IRONWORKERS LOCAL 5

BEFORE THE SENATE FINANCE COMMITTEE AND HOUSE GOVERNMENT,
LABOR, AND ELECTIONS COMMITTEE

Dear Chairs Beidle and Wells, and members of the Senate Finance Committee
and House Government, Labor and Elections Committee:

My name is Gary Armstrong, and I am the Business Manager of Ironworkers Local
5. Ironworkers Local 5 represents more than 1,000 union ironworkers across the
region, including Maryland. I am writing in support of Senate Bill 60 / House Bill
299.

Ironworkers perform the work that makes large-scale construction possible—
structural steel erection, reinforcing steel installation, welding, rigging, and related
safety-critical tasks on bridges, schools, hospitals, public buildings, and major
economic development projects. Our craft requires skill, discipline, and training,
and our members depend on strong labor standards to ensure fair competition and
safe worksites.

Senate Bill 60 / House Bill 299 strengthens Maryland's ability to address
workplace fraud and related violations that distort the bidding process and
undermine worker protections. Contractors who cheat by misclassifying workers or
falsifying records can illegally reduce labor costs and outbid responsible
contractors. That harms workers directly and weakens the integrity of public
contracting.

This bill reinforces prevailing wage and living wage enforcement and strengthens
accountability for repeat violators. It also supports a procurement environment
where public projects are built by qualified workers earning lawful wages and
benefits—exactly what Maryland taxpayers expect when public dollars are spent.



Ironworkers Local 5 supports Senate Bill 60 / House Bill 299 because it promotes fairness, safety, and responsible contracting. For these reasons, Ironworkers Local 5 respectfully urges a FAVORABLE report on Senate Bill 60 / House Bill 299.

Respectfully submitted,

Gary Armstrong
Business Manager
Ironworkers Local 5

M&A_UA Plumbers & Steamfitters Local 486_SB60 HB29

Uploaded by: Roger Manno

Position: FAV

PLUMBERS AND STEAMFITTERS

UA LOCAL UNION 486

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Founded 1889

Pasquale D. Petrovia

Business Manager

Gary G. Glab

Financial Secretary/Treasurer

Harry M. Schleicher Jr.

Business Agent

C. Ryan Ambrose

Business Agent

Stephen M. Nitsch

Business Agent

Christopher D. Anderson Jr.

Business Agent

Todd E. Eckley

Recruiter

TESTIMONY IN SUPPORT OF SENATE BILL 60 / HOUSE BILL 299
FRAUD PREVENTION, PREVAILING WAGE, AND LIVING WAGE – PROHIBITIONS,
PENALTIES, AND ENFORCEMENT

SUBMITTED BY: CHRIS ANDERSON
BUSINESS AGENT, PLUMBERS AND STEAMFITTERS LOCAL 486

BEFORE THE SENATE FINANCE COMMITTEE AND HOUSE GOVERNMENT, LABOR,
AND ELECTIONS COMMITTEE

Dear Chairs Beidle and Wells, and members of the Senate Finance Committee and House Government, Labor and Elections Committee:

My name is Christopher Anderson, Business Agent of Plumbers and Steamfitters Local 486. Our members perform critical plumbing and steamfitting work on Maryland's public and private projects—work that directly affects public health, safety, and the long-term reliability of major facilities and infrastructure. I am submitting this testimony in strong support of Senate Bill 60.

Senate Bill 60 / House Bill 299 is a needed enforcement and accountability bill. It strengthens Maryland's ability to prevent and remedy workplace fraud, including misconduct that results in unlawful underpayments and unfair cost-shifting. It also reinforces the integrity of prevailing wage and living wage laws, which exist to ensure that public dollars support fair pay, responsible contractors, and stable careers—not a low-road race to the bottom.

For skilled trades like ours, the problem is straightforward: when bad actors falsify records, misclassify workers, or evade wage requirements, they can underbid responsible contractors who follow the rules. That harms workers, honest employers, and taxpayers all at once. Senate Bill 60 / House Bill 299 improves enforcement by strengthening coordination and providing additional tools to pursue violations—especially in matters that are complex, multi-layered, or involve repeat offenders.

Local 486 supports Senate Bill 60 / House Bill 299 because it helps restore fairness in bidding and accountability in public contracting. When labor standards are enforced consistently, contractors compete on skill, safety, productivity, and performance—not on who can cheat workers the most effectively.

For these reasons, Plumbers and Steamfitters Local 486 respectfully urges a FAVORABLE report on Senate Bill 60 / House Bill 299.

Respectfully submitted,

Christopher Anderson

Christopher Anderson
Business Agent
Plumbers and Steamfitters Local 486

NELP Testimony_SB 60_SUPPORT.pdf

Uploaded by: Sally Dworak-Fisher

Position: FAV

Testimony of Sally Dworak-Fisher

National Employment Law Project

SB 60 – Fraud Prevention, Prevailing Wage, and Living Wage – Prohibitions, Penalties, and Enforcement

SUPPORT

Hearing before the Senate Finance Committee Maryland General Assembly

January 28, 2026

Sally Dworak-Fisher
Senior Staff Attorney

National Employment Law Project
90 Broad Street, Suite 1100
New York, NY 10004

sdworak-fisher@nelp.org
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SB 60 fosters better compliance with several workplace laws.

The National Employment Law Project (NELP) is a nonprofit organization with more than fifty-five years of experience advocating for the labor and employment rights of low-wage workers. NELP works extensively at the federal, state and local levels to promote policies that expand worker protections and support a good jobs economy. Learn more at <https://www.nelp.org/>.¹

SB 60 will help to better ensure that the state's Workplace Fraud Act, Prevailing Wage, and Living Wage laws protect Maryland's workers as they were intended. It proposes modest but essential updates by adding common sense consequences for violations and incentivizing enforcement which, in turn, support greater accountability and compliance. NELP supports these improvements and **urges a favorable report**.

SB 60 will strengthen compliance with Maryland's Workplace Fraud Act.

Maryland's Workplace Fraud Act (WFA) is intended to combat the misclassification of employees as independent contractors in the landscaping and construction industries.² Nonetheless, as the state's Joint Enforcement Task Force on Workplace Fraud ("2024 JETF Report") noted in its last annual report, misclassification "remains an ongoing problem." Indeed, the JETF noted that more than 20,000 construction workers, or 11%, continue to suffer misclassification despite being covered by the WFA. To better foster compliance, SB 60 makes several modest but important improvements to the Act. Improvements that promote **accountability and compliance** include:

- 1. License revocation and debarment:** these new provisions will ensure that misclassifying employers may be subject to more than a modest monetary penalty. As the JETF noted, businesses that violate the law "often simply admit the violation and pay, but do not change their operating models and continue to misclassify workers."³ Provisions that prohibit violators from performing work—impacting their revenue stream—meaningfully encourage compliance.
- 2. General Contractor accountability:** the buck stops with the general contractor on any construction project. Yet general contractors can turn a blind eye to misclassification by subcontractors down the line—subcontractors with incentives to cut labor costs by misclassifying workers to bid low and win a contract, and who may be judgment proof. SB 60 would ensure that the contractors at the top are accountable to workers on their projects, and that misclassified workers aren't left without a remedy from fly-by-night subcontractors or labor brokers.
- 3. Monetary civil penalties to workers:** workers currently encounter various well-known barriers to reporting misclassification and participating in investigations, rendering enforcement more difficult and enabling businesses to misclassify with impunity. SB 60 would ensure that one-third of civil penalties are paid to the misclassified workers. This concrete monetary incentive will encourage more workers to blow the whistle on misclassification.

Independent contractor classification harms workers, law-abiding businesses, and Maryland social insurance programs. SB 60 is a modest, but important first step in the road to accountability and compliance.

SB 60 enhances interagency collaboration and enforcement.

SB 60 provides for increased referrals to the Attorney General and codifies regular meetings between Maryland's Division of Labor and Industry and Attorney General. Regular meetings on the status of complaints and investigations, and referrals to the Attorney General will improve communication and awareness of pending compliance issues involving Maryland's prevailing wage and living wage laws, as well as the WFA. Improved coordination and communication among agencies should foster more robust enforcement, and ultimately, compliance.

Indeed, Maryland could go further. In recent years, several states have granted explicit authority to their state attorney general to enforce wage laws, and some established dedicated units dedicated to enforcing worker rights in the Attorney General offices.⁴ Nonetheless, SB 60 would provide modest but important improvements to ensure Maryland's workers enjoy the rights and protections of its prevailing and living wage laws, and the Workplace Fraud Act for those in construction and landscaping.

NELP supports SB 60 and encourages a favorable report.

ENDNOTES

¹ We have particular expertise in independent contractor misclassification and the harms it poses to workers, to businesses that comply with the law, and to critical social insurance programs See NAT'L EMP. L. PROJECT, *End Independent Contractor Misclassification*, <https://www.nelp.org/explore-the-issues/contracted-workers/misclassified-workers/>. See also Catherine Ruckelshaus, *Independent Contractor v. Employee: Why Misclassification Matters and What we can do to Stop It*, NAT'L EMP. L. PROJECT (May 2016), <https://s27147.pcdn.co/wp-content/uploads/Policy-Brief-Independent-Contractor-vs-Employee.pdf>.

² The problem is not limited to construction or landscaping. It is particularly acute in occupations such as in agriculture, retail, food service, hotel, construction, janitorial, beauty and nail salons, call center work, security, trucking, and delivery—occupations that are often disproportionately comprised of Black and immigrant workers. See Joint Enforcement Task Force on Workplace Fraud: 2024 Annual Report, (Feb. 2024), <https://labor.maryland.gov/workplacefraudtaskforce/wpftfannrep2024.pdf> (“2024 JETF Report”); see also Adewale A. Maye, Daniel Perez, and Margaret Poydock, *Misclassifying Workers as Independent Contractors is Costly for Workers and States*, n.6, ECON. POL'Y INST (Jan. 22, 2025), available at <https://www.epi.org/publication/misclassifying-workers-2025-update/>. NELP encourages expanding the scope of Maryland's Workplace Fraud Act.

³ 2024 JETF Report, supra n. 2 at 24.

³ See e.g., Terri Gerstein, Director, NYU Wagner Labor Initiative, *Issue brief: 2025 State workers' rights roundup Policy opportunities from recent legislative sessions*, 6 (Oct. 30, 2025), <https://wagner.nyu.edu/files/laborinitiative/NYU%20Wagner%20Labor%20Initiative%202025%20State%20Workers%20Rights%20Roundup%2010%2030%202025.pdf>.

About NELP

Founded in 1969, the National Employment Law Project (NELP) is a nonprofit advocacy organization dedicated to building a just and inclusive economy where all workers have expansive rights and thrive in good jobs. Together with local, state, and national partners, NELP advances its mission through transformative legal and policy solutions, research, capacity-building, and communications. NELP is the leading national nonprofit working at the federal, state, and local levels to create a good-jobs economy. Learn more at www.nelp.org.

HB0299_SB0060. Workplace Accountability_Written Te

Uploaded by: Secretary Portia Wu

Position: FAV

MARYLAND DEPARTMENT OF LABOR TESTIMONY ON SENATE BILL 60

TO: Senate Finance Committee
FROM: Maryland Department of Labor (MD Labor)
DATE: January 28, 2026
BILL: **SB 60: Fraud Prevention, Prevailing Wage, and Living Wage - Prohibitions, Penalties, and Enforcement**

MDL POSITION: FAVORABLE WITH AMENDMENTS

Summary

Maryland maintains strong workplace standards for its 3.1 million workers, including minimum wage and overtime protections, requirements to pay prevailing wages on State-funded construction projects, and living wage standards for service contracts. However, these standards only apply if individuals are classified as “employees.”

Worker misclassification, also known as workplace fraud, occurs when employees are wrongly classified as “independent contractors” or are paid off the books. The recent work of the Governor’s Joint Enforcement Task Force on Workplace Fraud (JETF) identifies workplace fraud as a serious problem that costs millions of dollars in lost wages and revenue each year. Workplace fraud (WPF) undermines worker protections, harms state infrastructure, and creates unfair competition for law-abiding businesses.

Addressing this problem requires tools that are equal to the seriousness of the problem, as well as effective cross-agency collaboration. That is why the Maryland Department of Labor is bringing **SB 60**.

The Scale of the Problem

Workplace fraud is a systemic “race to the bottom”. Research from the National Employment Law Project finds that, nationally, 10-30% of employers misclassify their workers.^{1,2} In 2025 alone, the JETF identified 7,767 misclassified workers in Maryland. This constitutes a 38.82% increase from 2024.³ Research from the Century Foundation also estimated that 1 in 10 construction workers in Maryland are

¹ National Employment Law Project (October 2020). *Independent Contractor Misclassification Imposes Huge Costs on Workers and Federal and State Treasuries*.

² Source: Economic Policy Institute analysis of data from the Bureau of Labor Statistics' (BLS) National Compensation Survey's Employer Costs for Employee Compensation data and the BLS' Occupational Employment and Wage Statistics data.

<https://www.epi.org/publication/misclassifying-workers-2025-update/>

³ Maryland Department of Labor (pending publication as of January 26, 2026). *Joint Enforcement Task Force On Workplace Fraud: 2025 Annual Report*.

misclassified.⁴ The experience of the Division of Labor and Industry (DLI) suggests the misclassification rate may be higher. In FY 2025, DLI investigators found 558 misclassified construction workers out of just over 3,000 construction workers interviewed.

Despite efforts to enforce the law, the JETF has identified structural challenges, including fragmented enforcement, limited deterrence mechanisms, and insufficient worker incentives to report violations. Such challenges continue to impede the State's ability to protect workers and ensure fair competition. SB60 would address these issues through greater transparency, accountability, and interagency cooperation.

The Cost of the Worker Misclassification

The JETF's 2025 analysis of Maryland's construction industry conducted by The Century Foundation shows that worker misclassification results in public revenue losses, including:

- \$52 million in unreported taxable wages due to workplace fraud - a 44.44% increase from 2024.
- \$19.3 million in lost state income tax revenue annually;
- \$32.1 million in lost federal income tax revenue annually;
- \$82.3 million in lost FICA payments annually;
- \$79.1 million in lost Social Security and Medicare contributions annually;
- \$19.3 million in lost State income revenue annually;
- \$9.1 million in lost UI fund contributions; and
- \$59 million in lost Worker's Compensation premiums annually.⁵

In 2025, the Maryland Comptroller assessed \$3.6 million in tax, interest, and penalties on businesses for misclassifying workers, a 2.8% increase from the previous year.

⁴ Laura Valle-Gutierrez, New Estimates: Misclassification in the Maryland Construction Industry, The Century Foundation, January 2025, <https://production-tcf.imgix.net/app/uploads/2025/01/27111033/Misclassification-in-the-Maryland-Construction-Industry.pdf>

⁵ Ibid.

JETF Year Over Year WPF Stats - 2024 to 2025⁶

	2024	2025	% Change
Number of misclassified workers identified	5,595	7,767	38.8%
Unreported Taxable Wages	\$36,000,000	\$52,000,000	44.4%
Comptroller assessed tax, interest, and penalties on businesses	\$3,500,000	\$3,600,000	2.8%

State-specific analysis by the Economic Policy Institute reveals that worker misclassification costs a Maryland construction worker \$15,540 on average, annually - a 31.4% pay cut, and a Maryland landscaping worker \$10,797 on average, annually - a 27.6% pay cut.⁷

This bill targets enhanced accountability and intergovernmental cooperation to increase compliance with workplace standards by proposing the following changes.

General Contractor Liability

General contractors often set terms and select subcontractors, but only the direct employer of workers is held responsible for workplace fraud. Contractors at the top of the chain obtain the financial benefit of a lower-cost workforce when their subcontractors engage in workplace fraud, while bearing no responsibility. This lack of accountability, coupled with the existing incentives to bring in the low bid, means that businesses at the very lowest end of the contracting chain, who are often small, minority-owned, struggling – or all three – bear all of the responsibility for WPF compliance. Research shows law-abiding contractors face a 20–30% labor cost disadvantage.⁸

SB 60 calls for general contractors to be held responsible for violations of the Workplace Fraud Act occurring on their worksites. **This is not an unprecedented approach.** D.C., Illinois, and New Jersey⁹ are among the jurisdictions that have similar

⁶ The 2025 Joint Enforcement Task Force Report utilizes data from State Fiscal Year 2025 (July 1, 2024–June 30, 2025). To ensure long-term consistency, Task Force agencies have transitioned from the calendar year format used in the 2024 report (January 1–December 31, 2024) to the state fiscal year. Consequently, the 2025 report contains six months of data (July–December 2024) that overlaps with the previous year’s publication. Unless otherwise noted, all data points adhere to the state fiscal year.

⁷ Source: EPI analysis of data from the Bureau of Labor Statistics’ Employer Cost for Employee Compensation 2024Q2 and Occupational Employment and Wage Statistics Research Estimates by State and Industry May 2023 data. <https://www.epi.org/publication/misclassifying-workers-2025-update/>

⁸ National Employment Law Project (2024). *Independent Contractor Misclassification Imposes Huge Costs on Workers and State Treasuries*. <https://www.nelp.org/insights-research/independent-contractor-misclassification-imposes-huge-costs-workers-federal-state-treasuries-update-october-2020/>

⁹ See D.C. Code § 32-1303(5), 820 ILCS 115/13.5, NJ Rev Stat § 34:11-58.2(c), respectively.

accountability for workplace fraud specifically. Further, **Maryland law currently holds general contractors responsible for nonpayment or underpayment of wages by subcontractors on their projects.** The general contractor liability provision in this bill creates a strong incentive for general contractors to care about and actively monitor their subcontractors' classification of workers. General contractor liability for subcontractor Workplace Fraud Act violations means that those contractors who experience the highest financial benefit from the practice of misclassifying workers share responsibility for penalties as well.

Ensuring Meaningful Consequences for Violations

A core problem identified by the JETF is that Maryland's current enforcement regime imposes only limited consequences for even serious or repeated violations of labor standards. The law currently enables some employers to treat existing penalties as simply a cost of doing business, especially in industries where misclassification delivers a substantial financial advantage. For bad actors, the monetary fines associated with noncompliance with the law are often outweighed by the savings achieved through unpaid taxes, avoided benefits, and off-the-books payroll. Not only does this lead to law-abiding businesses being undercut, but it also means the state's own procurement dollars may flow to contractors with a proven record of violating labor laws.

SB 60 addresses this systemic weakness by ensuring that entities licensed to do business in Maryland—and critically, those that receive public contracts paid for by Maryland taxpayers—demonstrate basic compliance with Maryland's labor laws. The bill does so by proposing the following:

Workplace Fraud Act Violations, Repeated Labor Violations, and Uncontested Cases Can Be Considered Grounds for Debarment

Debarment imposes a meaningful consequence for violations. Currently, no violation of the Workplace Fraud Act can constitute grounds for debarment. Further, under current law, Maryland can consider debarment only after a willful or knowing violation has been found after full contest and adjudication, a threshold so high it almost never applies. But many contractors do not contest the violation at all. SB60 addresses this gap by allowing debarment to be considered for repeated violations and uncontested violations.

Licensing Consequences for Workplace Fraud Act Violations

The Workplace Fraud Act imposes liability for both “non-knowing” and “knowing” violations, as well as for aiding, abetting, or conspiring to evade the law. However, currently, Maryland licensees are not subject to license revocation or suspension even if they ignore a final order to remedy a Workplace Fraud Act violation, or are found willfully noncompliant. This bill proposes to consider Workplace Fraud Act violations as grounds for revocation or suspension of licensure. As with debarment, the goal is to increase compliance by increasing the consequences for violation. Such provisions also

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protect law-abiding businesses from unfair competition by known labor law violators.

The licensing consequences outlined in the bill impact the Maryland Home Improvement Commission (MHIC), Maryland's mechanical boards¹⁰, Maryland Board of Public Accountancy, and Maryland Board of Individual Tax Preparers.

Please see *Appendix B* for a more detailed overview of the licensing provisions.

Addressing Current Underreporting and Noncooperation

Misclassified workers are often reluctant to report or cooperate with investigations, which hinders the State's ability to tackle the problem. Current incentives are misaligned: when enforcement actions succeed, the State's funds are often restored, but workers are not always fully made whole. This bill seeks to counterbalance those dynamics. SB 60 strengthens enforcement by providing a modest incentive to affected workers, increasing the likelihood that workers will report abuses and cooperate in investigations.

Specifically, the bill allows a share of the civil penalties to be directed to affected workers. Permitting affected workers to receive a share of the penalty gives them a tangible stake in reporting and assisting in the enforcement of the workplace fraud law that is currently absent from the statute. This approach has worked in other states. Several jurisdictions, including D.C., Illinois, and New Jersey¹¹, have laws that direct a payment to the affected workers that is separate from any restitution owed.

Strengthening the Maryland False Claims Act to Protect the UI Trust Fund

One of the key markers of wage fraud is failure to pay required unemployment insurance (UI) contributions, which shifts costs to law-abiding employers. In FY 2025 alone, the Division of Unemployment Insurance identified over **\$52 million in unreported taxable wages** attributable to misclassification.

SB 60 closes a critical loophole by allowing Maryland's False Claims Act to apply when employers knowingly file false records or statements that result in underpayment of UI premiums, or fraudulent receipt of UI benefits above \$15,000 per year.

This provision creates a powerful deterrent for high-risk actors and gives the State the tools it needs to protect the solvency of the trust fund.

¹⁰ These boards include the Elevator Safety Review Board, State Board Of Master Electricians, State Board Of Heating, Ventilation, Air-Conditioning, And Refrigeration (HVACR) Contractors, and State Board Of Plumbing.

¹¹ See D.C. Code § 32-1331.09 (construction industry), 820 ILCS 185/60(b) & 820 ILCS 185/45(b), N.J.S.A. 34:1A-1.18(a)(2), respectively.

Streamlined Process and Improved Interagency Cooperation

Fragmented enforcement and "government silos" make it difficult to effectively address labor violations. The bill allows multiple labor standard violations to be addressed in a single case, and codifies cooperation between the Maryland Department of Labor and the Office of the Attorney General to ensure merit cases are pursued.

The bill also creates a parallel avenue for the State to pursue civil litigation under the WPF, prevailing wage law, and living wage laws. Currently, enforcement of these laws by the State lies exclusively in administrative processes.

Additionally, the bill establishes durable mechanisms for the Division and the Attorney General's office to join forces in meaningful ways. In particular, the bill adds provisions requiring transparency on shared priorities and, importantly, a mandatory referral if the Division fails to act on a complaint or finds no merit. This provision creates a backstop to ensure that merit cases are pursued.

Amendments

The Department is working with stakeholders, JETF members, and the committees to amend this bill to include certain technical changes and refine the terms of DLI and OAG cooperation.

The Department respectfully requests that the Committee return a favorable report on SB 60 with amendments.

For questions, please contact Andrew Fulginiti at Andrew.Fulginiti@maryland.gov.

Appendix A: [2024 JETF Report](#)

Appendix B: Licensing Provision Overview

Summary:

- DLI’s Workplace Enhanced Accountability and Rights Act seeks to create licensing consequences for violations of the Workplace Fraud Act.
- The Workplace Fraud Act, L&E Title 3, subtitle 9, prohibits businesses from misclassifying employees as “independent contractors” or paying them off the books. The law imposes liability for both “non-knowing” and “knowing” violations, as well as for aiding, abetting, or conspiring to evade the law.
- The licensing provision in the bill applies to the following O&P Boards:
 - Elevator Safety Review Board
 - Maryland Home Improvement Commission (MHIC)
 - State Board Of Master Electricians
 - State Board Of Heating, Ventilation, Air–Conditioning, And Refrigeration (HVACR) Contractors
 - State Board Of Plumbing
 - Maryland Board Of Public Accountancy
 - Maryland Board Of Individual Tax Preparers

Licensure Consequences for Non-knowing Violation (L&E Article, Sec. 3-903)	
When may licensure consequences be imposed for a non-knowing violation of the Workplace Fraud Act?	A licensee has committed a non-knowing violation of the WPF, a court or administrative unit has issued a final order, and the licensee has failed to comply with the order .
How does the Board become aware of the licensee’s failure to comply?	The Commissioner of Labor and Industry notifies the Board of the non-compliance.
What role does the Board have once notified by the Commissioner of non-compliance?	The Board must issue the licensee written notification of suspension.

Licensure Consequences for Non-knowing Violation (L&E Article, Sec. 3-903)	
What rights does a licensee have to contest the suspension?	The licensee can contest the action only on the grounds of mistaken identity. As with any contest, the licensee is entitled to a hearing.
What must the licensee do to have their license reinstated?	The licensee must comply with the order in full.
How does the Board become aware that the licensee has satisfied the terms of the order?	The Commissioner must notify the Board within 10 days of receiving notice that a licensee has complied with the terms of the order.
What role does the Board have once notified of the licensee's compliance?	So long as the licensee otherwise qualifies for reinstatement, the Board must immediately reinstate the license.

“Knowing” or “Aiding and abetting” Violations (L&E, Sec. 3-904 & 3-915)	
(In general, a knowing violation occurs when there is proof that the licensee was aware that the workers should have been classified as “employees” and chose not to do so. Evidence may include, e.g., repeat violation, inconsistent treatment of other similar workers, lack of notice to workers, no investigation by licensee as to tax, unemployment comp, or workers’ comp status. The law also prohibits a licensee from assisting in the formation of a corporation or entity to evade the law, or conspiring to assist in evasion of the law).	
When may licensure consequences be imposed on a licensee for a knowing violation of the Workplace Fraud Act or for aiding/abetting/conspiring to violate the Workplace Fraud Act?	Once a court or administrative unit issues a final order finding a violation of 3-904 or 3-915. Note: <i>the bill provides for licensure consequences based on the violation, regardless of whether the licensee has complied with the order.</i>
How does the Board become aware of the order against the licensee?	The Commissioner must notify the relevant Board.
What role does the Board have once notified by the Commissioner of the order?	The Board must issue the licensee written notification of license suspension or revocation.
What rights does a licensee have to	The licensee can contest the action only on

“Knowing” or “Aiding and abetting” Violations (L&E, Sec. 3-904 & 3-915)

(In general, a knowing violation occurs when there is proof that the licensee was aware that the workers should have been classified as “employees” and chose not to do so. Evidence may include, e.g., repeat violation, inconsistent treatment of other similar workers, lack of notice to workers, no investigation by licensee as to tax, unemployment comp, or workers’ comp status. The law also prohibits a licensee from assisting in the formation of a corporation or entity to evade the law, or conspiring to assist in evasion of the law).

<p>contest the suspension or revocation?</p>	<p>the grounds of mistaken identity. As with any contest, the licensee is entitled to a hearing.</p>
<p>What must the licensee do to have their license reinstated?</p>	<p>Once license action is taken for a knowing or aiding/abetting violation, the license can only be reinstated if all of the following requirements are met:</p> <ol style="list-style-type: none"> 1. The licensee submits a written request to the Board for reinstatement; 2. The Board holds a hearing; 3. The majority of the Board determines by a preponderance of evidence that the licensee has fulfilled the conditions of the suspension or revocation; 4. A Board majority votes to reinstate the license; and 5. The licensee pays any reinstatement fees.

CASA_FAV_SB60.pdf

Uploaded by: Shana Khader

Position: FAV



Testimony in SUPPORT of Senate Bill 60

SB 60 – Fraud Prevention, Prevailing Wage, and Living Wage - Prohibitions, Penalties, and Enforcement

Senate Finance Committee

Dear Honorable Chair Beidle, Vice-Chair Hayes, and Members of the Committee:

CASA is pleased to offer **favorable testimony** in **support** of **SB 60** - Fraud Prevention, Prevailing Wage, and Living Wage - Prohibitions, Penalties, and Enforcement.

CASA is a national organization building power and improving the quality of life in working-class Black, Latino/a/e, Afro-descendent, Indigenous, and Immigrant communities.

With a membership of over 189,000 members, CASA creates change with its power-building model blending human services, community organizing, and advocacy to serve the full spectrum of the needs, dreams, and aspirations of members. For nearly forty years, CASA has employed grassroots community organizing to bring our communities closer together and fight for justice, while simultaneously providing vital services to communities across the state and beyond.

Among our services, CASA's legal team provides support to working-class people who have experienced workplace abuses, including misclassification and wage theft. CASA frequently encounters workers who have been misclassified, both in and out of the construction industry.

SB 60 closes loopholes that impede employer accountability. Senate Bill 60 provides simple, common-sense fixes to some of the common impediments CASA sees to effective enforcement of Maryland's misclassification laws. Worker misclassification remains a rampant problem that denies workers the legal minimum wage and overtime pay, and denies workers important protections, including workers' compensation and unemployment insurance. CASA members are all too familiar with complex and lengthy chains of contracting (layers of contracts from the general contractor down to the person or entity that issues their checks) and fly-by-night LLCs that, in practice, make it difficult for workers to enforce their legal rights. SB 60 closes these loopholes.

By creating joint and several liability for general contractors whose subcontractors misclassify workers, SB 60 ensures that the company with the greatest investment in and visibility on a project—i.e., the general contractor—is accountable for violations on its own projects. Currently, general contractors frequently hide behind subcontractors that act as labor brokers, many of

whom are fly-by-night companies that do nothing more than shield the general contractor from liability. SB 60 closes that loophole.

By revoking business licenses from companies (and their successors) that knowingly violate the law or refuse to comply with lawfully imposed penalties, SB 60 ensures that businesses take misclassification seriously. CASA has worked with many misclassified workers on large, high-profile projects whose direct employer shuts down only to begin operating its business under a different name. SB 60 will make it much harder for companies that are knowingly operating in violation of the law to avoid accountability.

SB 60's modest incentive to workers will increase enforcement. Workers who come forward to report workplace abuse do so at significant cost and risk, and this is particularly true for the communities CASA serves. In addition to the time and energy involved in navigating an unknown system and cooperating with the enforcing agency, workers frequently fear retaliation, blacklisting from future employment, and immigration-related threats. At the same time, enforcement of workplace protection laws—which benefits workers and law-abiding businesses across the board—depends on worker reporting and cooperation. Providing a modest incentive to workers whose reports will assist in ensuring that worker protection laws are enforced.

Passing SB 60 is an important step toward strengthening protections for some of Maryland's most vulnerable workers performing some of Maryland's most difficult and dangerous work. **For these reasons, CASA urges the committee to provide a favorable report on SB 60.**

SB 60 Fraud Prevention Prevailing Wages, Penalties

Uploaded by: Tom Clark

Position: FAV



International Brotherhood of Electrical Workers

CHRISTOPHER M. CASH: Business Manager • THOMAS C. MYERS: President • RICHARD D. WILKINSON: Vice President
WILLIAM T. NG: Financial Secretary • RICHARD G. MURPHY: Recording Secretary • MARK F. PONTELLO: Treasurer



SB 60 – FRAUD PREVENTION, PREVAILING & LIVING WAGES PROHIBITIONS, PENALTIES, AND ENFORCEMENT

Senate Finance Committee

January 28, 2026

TO: Chair Beidle, Vice Chair Hayes and Members of the Senate Finance Committee

FROM: Tom Clark, Political Director, Intl' Brotherhood of Electrical Workers Local 26

Madam Chair, Mr. Vice Chair and members of the Committee. I respectfully ask that you join with me, Local 26 members, the Building Trades and labor unions throughout our state in full **support of SB 60**. A fraud prevention bill that will help Maryland workers, even the playing field for honest Maryland businesses and increase the state coffers by having unscrupulous contractors pay their fair share.

This bill will get the Attorney General and the Comptroller on the same page as the Maryland DOL. With these 3 offices working together, workplace or pay-check fraud could be curtailed at the state level. Too many bad contractors set up shops in the Freestate, to take advantage of the lack of enforcement and protection of workers. With this piece of legislation, we can make a dent in the paycheck fraud that continues to harm our workers and our taxable income. I am quite proud of labor unions that have set pay scales of workers and the ability to address such grievances. Unfortunately, many that are unrepresented face being uncompensated for their work. Union or non-union, every worker deserves the correct pay. Sadly, it is usually the Hispanic worker that is taken advantage when it comes to workplace fraud. A legal citizen or otherwise, any person of Hispanic heritage is at risk in this hostile environment. I can only imagine someone working overtime and not being fully compensated, and how they must contemplate whether to seek what is right or remain silent in avoid any confrontation with ICE, whether it be justified or not. The anger should really be geared towards the unscrupulous employers that prey on these hardworking people. These employers also commit tax fraud, each time they falsify their payroll, or underpay Unemployment Insurance. The enforcement of these laws will go a long way to reducing the deficit that our state faces.

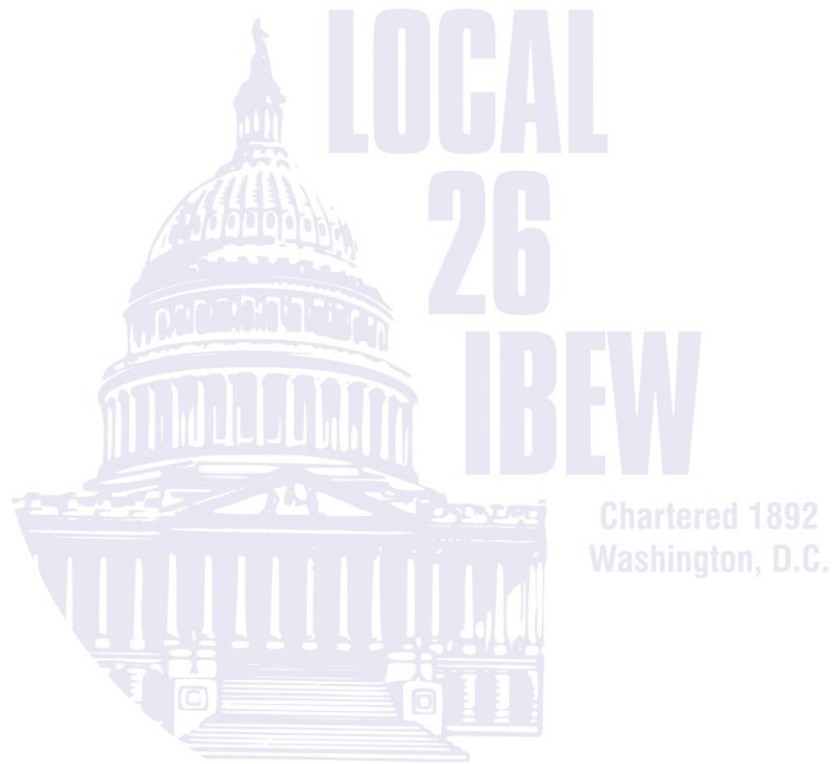
For these reasons and for the protection of Maryland workers I ask that you give a **favorable vote to SB 60**. Thank you





International Brotherhood of Electrical Workers

CHRISTOPHER M. CASH: Business Manager • THOMAS C. MYERS: President • RICHARD D. WILKINSON: Vice President
WILLIAM T. NG: Financial Secretary • RICHARD G. MURPHY: Recording Secretary • MARK F. PONTELLO: Treasurer



012626 Re Senate Bill 60 - To Chair Beidle.pdf

Uploaded by: Anthony Brown

Position: FWA

CAROLYN A. QUATTROCKI
Chief Deputy Attorney General

LEONARD J. HOWIE III
Deputy Attorney General

CARRIE J. WILLIAMS
Deputy Attorney General

SHARON S. MERRIWEATHER
Deputy Attorney General

ZENITA WICKHAM HURLEY
Deputy Attorney General



PETER V. BERNS
General Counsel

CHRISTIAN E. BARRERA
Chief of Staff

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL

ANTHONY G. BROWN
Attorney General

January 26, 2026

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, Maryland 21401

**Re: Senate Bill 60 – Fraud Prevention, Prevailing Wage, and Living Wage –
Favorable with Amendments**

Dear Chair Beidle,

I write in support of Senate Bill 60, which represents meaningful progress in Maryland's fight against worker misclassification and wage theft. Wage theft costs Maryland workers millions of dollars annually while undermining honest employers who play by the rules. This legislation enhances enforcement mechanisms and accountability for employers who violate Maryland's wage and workplace fraud laws.

Why This Bill Matters

Worker misclassification and wage theft are not merely technical violations. They rob workers of earned wages, deny them critical protections like unemployment insurance and workers' compensation, and create an unfair competitive advantage for bad actors over law-abiding businesses. Worker misclassification and wage theft also deprive Maryland of critical tax revenue. When employers misclassify employees as independent contractors or pay workers off the books, they evade payroll taxes, unemployment insurance contributions, and workers' compensation premiums that fund essential state programs. These fraudulent practices not only harm workers but also cheat Maryland taxpayers and shift costs onto compliant employers who fund these systems properly. Effective enforcement of workplace fraud laws is therefore not only a matter of worker protection but also fiscal responsibility. Senate Bill 60 addresses these harms through three critical mechanisms:

First, the bill expands the Maryland False Claims Act to reach fraudulent underpayment of unemployment insurance contributions and fraudulent claims for unemployment benefits. By treating these violations with the seriousness they deserve, the bill creates real consequences for

employers who game the system at the expense of Maryland's Unemployment Insurance Trust Fund.

Second, the bill establishes a coordinated enforcement framework between the Commissioner of Labor and Industry and my office. Under current law, enforcement of the Workplace Fraud Act and prevailing wage violations too often falls through gaps between agencies. This bill requires the Commissioner to refer certain matters to OAG, grants my office investigative authority including subpoena power, and mandates cooperation on large or complex cases.

This enhanced role for OAG is critical. My office brings capabilities that complement MDOL's expertise: the resources to pursue complex, multi-defendant litigation; experience with sophisticated corporate structures that conceal liability; the ability to coordinate multi-jurisdictional investigations; and relationships with federal and local prosecutors for criminal referrals. This coordination will enable more effective pursuit of sophisticated violators who have previously evaded accountability.

Third, the bill strengthens penalties and remedies for workers. It ensures that one-third of civil penalties go directly to affected workers. It also makes general contractors jointly and severally liable for subcontractor violations. This closes a loophole that has allowed general contractors to insulate themselves from wage theft on their own projects. It requires occupational license suspension or revocation for electricians, plumbers, HVAC contractors, home improvement contractors, and other licensed trades who commit serious workplace fraud violations. And it expands debarment provisions under state procurement law to ensure that repeat violators cannot continue profiting from state contracts. These provisions recognize that deterrence requires meaningful consequences.

Critical Amendments

While I support this bill, three amendments are necessary to ensure effective implementation. Without these corrections, key provisions of the bill will be unworkable:

1. **Protection of Sealed False Claims Investigations:** The bill requires OAG to cooperate with the Labor Commissioner in False Claims Act investigations involving Workplace Fraud Act or wage violations (§ 8-109(b)(1)(II) of the General Provisions Article). However, when qui tam whistleblower complaints are filed under seal pursuant to § 8-104 of the General Provisions Article, federal and state confidentiality requirements strictly prohibit OAG from disclosing the existence or contents of sealed investigations. Violating these confidentiality requirements can result in dismissal of the case and sanctions. The bill must clarify that the cooperation requirement does not apply to sealed investigations, and this exception must be noted in the sections requiring information sharing about complaints and investigation status.

The Honorable Pamela Beidle

Re: Senate Bill 60 – Fraud Prevention, Prevailing Wage, and Living Wage -

Favorable with Amendments

January 26, 2026

Page 3

2. **Clarification of "Claim" Definition:** Section 8-101(b)(2) of the General Provisions Article currently excludes from its definition of a “claim” any request for compensation for employment or for income subsidies. Since this bill now allows actions for fraudulent unemployment benefits and restitution for unpaid prevailing wages, the current exclusionary language creates ambiguity about whether these new provisions are enforceable under the False Claims Act. We should add the phrase "except as provided in §§ 8-102(b)(9) and 8-109(c)(2) of this subtitle" to eliminate this confusion.
3. **Flexibility in Information Sharing:** Three sections of the bill require the Commissioner and Attorney General to meet "at least monthly" to share information. Regular information exchange is absolutely critical to effective coordination, and we commit to monthly communication. However, mandating monthly in-person meetings creates unnecessary inflexibility when written updates, phone calls, or other formats may be more efficient for routine matters while allowing us to meet more frequently on urgent cases. We recommend requiring monthly information sharing without mandating the specific format.

Maryland's Remaining Gaps

I urge a favorable report on Senate Bill 60 with the amendments outlined above. This legislation represents real progress and will strengthen Maryland's ability to hold wage thieves accountable and protect workers. The collaboration framework between MDOL and OAG will enable more effective enforcement than either agency could achieve alone.

However, it must be understood that this bill, while strong, still leaves Maryland behind jurisdictions that have made combating wage theft a top priority. Even with these improvements, Maryland will lack several enforcement tools that have proven effective in other states: criminal penalties that include jail time for willful violations, automatic monthly penalties on unpaid wages that compound without limitation until paid, personal liability for corporate officers who knowingly permit violations, and broader business license denial mechanisms that prevent repeat violators from operating across all industries. As you continue to refine Maryland's worker protection laws, I encourage the General Assembly to examine these more robust enforcement mechanisms.

My office is committed to using the expanded authority under this bill to aggressively pursue wage theft cases and protect Maryland workers. I look forward to working with the Committee and MDOL on the technical amendments and urge your favorable report.

Sincerely,



Anthony G. Brown

Department of Social and Economic Mobility - Senat

Uploaded by: Ardy Kamali

Position: FWA



Governor Wes Moore

Lt. Governor Aruna Miller

Acting Secretary Walter L. Simmons

Bill Number: Senate Bill 60
Title: Fraud Prevention, Prevailing Wage, and Living Wage – Prohibitions, Penalties, and Enforcement
Committee: Finance
Hearing Date: January 28, 2026
Position: Favorable with Amendments

Madam Chair and Members of the Committee:

The Maryland Department of Social and Economic Mobility (DoSEM) respectfully submits this testimony in support of Senate Bill 60, with amendments. DoSEM supports the bill’s underlying goals: protecting workers, promoting fair competition for law-abiding employers, safeguarding public funds, and strengthening enforcement of Maryland’s workplace fraud, prevailing wage, and living wage laws.

Workplace fraud—particularly the misclassification of employees—undermines economic mobility. Misclassification can deny workers access to essential protections and benefits while shifting costs to the public and to responsible employers who play by the rules. SB 60 strengthens Maryland’s enforcement framework by enhancing tools to deter and address fraud and by improving coordination among agencies involved in enforcement. The bill also reflects the General Assembly’s continuing commitment to ensure that prevailing wage and living wage requirements are meaningful and enforceable so that workers on public projects and covered contracts receive the wages that they have earned.

DoSEM’s position is favorable with amendments because we believe the bill can achieve its enforcement goals while also reducing unintended, disproportionate administrative impacts on small businesses—particularly those that may lack in-house compliance capacity. Strong enforcement must be paired with strong compliance assistance. A meaningful subset of misclassification cases arise not from sophisticated fraud schemes, but from preventable misunderstanding of complex, technical rules. When small businesses struggle to interpret classification requirements, the result can be costly investigations, litigation risk, and project disruptions. These are outcomes that can be mitigated through targeted training and technical assistance.

DoSEM requests an amendment to direct a portion of civil penalties and/or damages collected by the State in connection with misclassification enforcement to a dedicated compliance training and outreach fund administered by DoSEM. This fund would be used solely to deliver statewide, practical compliance supports for small businesses, including no-cost trainings, plain-language guidance, compliance toolkits, technical assistance, and targeted outreach to industries and communities most impacted. To maintain the bill’s worker-protection intent, DoSEM recommends that the diversion apply only after any statutorily required payments to affected workers and restitution are satisfied.

Passing SB 60 with a small business compliance and outreach component reinforces accountability while also investing in prevention—reducing future violations, lowering enforcement costs over time, and helping small businesses comply and compete fairly. For these reasons, DoSEM respectfully urges a favorable report with amendments.

SB 60_MAA_FWA.pdf

Uploaded by: Tim Smith

Position: FWA



Senator Pamela Beidle, Chair
Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401

January 28, 2026

RE: SB 60 – FAVORABLE WITH AMENDMENTS – Fraud Prevention, Prevailing Wage, and Living Wage – Prohibitions, Penalties, and Enforcement

Dear Chair Beidle and Members of the Committee:

The Maryland Asphalt Association (MAA) represents approximately 110+ members, including 20 material producers, contractors, engineering firms, and associate members, supporting a 7,000-person workforce. MAA actively collaborates with regulatory agencies to advocate for the asphalt industry, ensuring fair regulations at both the state and federal levels. Additionally, we support adequate funding for Maryland's multimodal transportation system.

Senate Bill 60 would prohibit knowingly making or using a false records or statements resulting in underpayments of unemployment insurance contributions or benefits of more than \$15,000 per year; alter enforcement mechanisms including how violations are investigated and prosecuted for workplace fraud, prevailing wage, and living wage laws; and authorize the Attorney General to investigate and bring legal action related to these violations. Among these and other provisions of this legislation, it would hold general contractors jointly and severally liable for violations committed by a subcontractor even if they do not have a direct contractual relationship with each other.

MAA supports SB 60 and its core objective of strengthening fraud prevention, prevailing wage, and living wage enforcement, and we share the General Assembly's commitment to protecting workers and ensuring compliance with Maryland's labor laws. However, **we respectfully request that the bill be amended to remove the provision that imposes liability on general contractors for violations committed by subcontractors.** Holding general contractors responsible for actions outside their direct control creates disproportionate risk, discourages participation in public projects, and undermines long-standing contracting structures, while doing little to improve compliance. Enforcement efforts should remain focused on the parties that actually commit violations, ensuring accountability without unfairly penalizing compliant contractors who already take good-faith steps to oversee their projects.

We appreciate you taking the time to hear our concerns and consideration for removing that provision from Senate Bill 60.

Sincerely,

Tim E. Smith, P.E.
President
Maryland Asphalt Association

AUC of Maryland_SB 60_UNFAV.pdf

Uploaded by: Andrew Griffin

Position: UNF



BOARD MEMBERS

Thomas Linton
President

Lavern Dettman
Vice President

Bruce Bergeron
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Past President

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Robert Brode

Thomas J. Iacoboni

Tim Kaptein

William Leibrandt

Phil Ligon

Raymond Marocco, Jr.

Dominic Pope

Matthew Ruddo

Jason Sebald

Ian Stambaugh

January 28, 2026

Legislative Position: Unfavorable
Senate Bill 60

Fraud Prevention, Prevailing Wage, and Living Wage - Prohibitions, Penalties,
and Enforcement
Senate Finance Committee

Dear Chair Beidle and members of the committee:

Established in 1950, the Associated Utility Contractors of Maryland, Inc. (AUC) is dedicated to advancing the utility contracting industry across the state. Our mission is to foster strong relationships between utility contractors and their clients, uphold the highest professional standards within the industry, and elevate the reputation of utility professionals within the business community. We actively advocate for public policies that address industry challenges and contribute to improving Maryland's overall business environment.

AUC represents subcontractors who perform essential infrastructure work across the State. Our members support efforts to eliminate intentional misclassification and wage fraud; responsible employers want to compete on a level playing field and comply with Maryland's labor and workplace fraud laws. However, SB 60, as currently drafted, will unintentionally harm compliant subcontractors and small businesses without materially improving enforcement outcomes.

A central concern is SB 60's potential to permit withholding of payments from any contractors found to be out of compliance. This has significant downstream ramifications for compliant subcontractors. In the utility construction industry, many subcontractors operate under pay-if-paid or pay-when-paid contractual terms. Under these arrangements, subcontractors only receive payment once the general contractor or a higher tiered subcontractor is paid by the project owner. If SB 60 signals that payment may be withheld based on misclassification or alleged violations at any tier, compliant subcontractors could face serious cash-flow disruptions, jeopardizing payroll, subcontractor commitments, and project progress. Small subcontractors in particular could be forced to delay critical payments to their own vendors and employees, creating economic instability in the industry.



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Dominic Pope

Matthew Ruddo

Jason Sebald

Ian Stambaugh

Whereas most subcontractors are not equipped to police labor classification compliance across all subcontractors above and below them, including those with whom they have no direct relationship, this could create a disincentive for reporting bad actors. Folks may choose to turn a blind eye rather than risk triggering withholding and penalties for otherwise compliant parties.

SB 60 also adds multiple layers of enforcement, first by the Department of Labor and then by the Attorney General. This added layer effectively requires small businesses to endure successive investigations for a single allegation, even if the Department of Labor finds no merit in a complaint. This consecutive process, with no safe harbor, places a significant administrative and financial burden on small subcontractors who must defend against costly overlapping inquiries based on the same facts.

Further, the bill appears to expand the ability of the Commissioner or Attorney General to bring civil suits on behalf of individuals or groups, even though individuals already have standing to pursue their own civil claims. This additional avenue for litigation increases potential exposure and legal costs for small businesses again without advancing the underlying goal of eliminating intentional misclassification.

In its current form, SB 60 places undue risk on compliant subcontractors, undermines established pay-if-paid/pay-when-paid structures, and imposes open-ended enforcement burdens on small businesses without providing clear, objective criteria or safe harbors. For these reasons, the AUC of MD respectfully **urges an unfavorable report on SB 60** and to pursue a more tailored solution that balances accountability with fairness and practicality.

Sincerely,

The Associated Utility Contractors of Maryland (AUC)

MDCC_SB 60_Unfavorable.pdf

Uploaded by: Grason Wiggins

Position: UNF



Senate Bill 60

Position: Unfavorable

Committee: Senate Finance

Date: January 28, 2026

Founded in 1968, the Maryland Chamber of Commerce (“Maryland Chamber”) is a statewide coalition of more than 7,000 members working to develop and promote strong public policy that ensures sustained economic growth and opportunity for all Marylanders.

Senate Bill 60 (“SB 60”) would untenably expand liability for good faith actors and create an overly complex investigatory quagmire that will result in industry confusion, delays in projects, and compliance issues. As a result, SB 60 would disproportionately harm small business and negatively impact Maryland’s economy.

SB 60 would subject general contractors to citations and hold them jointly and severally liable for the actions of a subcontractor, regardless of whether the subcontractor is in a direct contractual relationship with the general contractor. *See page 5, line 31.* As a result, general contractors who act in good faith and operate under the protection of Maryland law would be subjected to untenable liability for actions they did not commit. That liability will force general contractors to take fewer chances on subcontractors who are new to the industry, which will stifle business and economic growth in Maryland.

SB 60 seeks to subject businesses to multiple rounds of costly and time-consuming investigations, even when the Maryland Department of Labor has found there to be no merit for a complaint and no need for further investigation. *See page 9, line 8.* Further, SB 60 seeks to involve the Attorney General in investigations based on a vague threshold, any matter “that is of unusual scope or complexity or involves a novel or complex legal issue.” *See page 9, line 29.* Based on the language in the bill, the Maryland Chamber questions the need to subject businesses who have been investigated by the Department to additional rounds of investigation from the Attorney General.

In addition to liability and dual investigation concerns, the Maryland Chamber is concerned that SB 60 seeks to subject good faith actors to overly punitive measures, additional lawsuits brought by the Commissioner of Labor or the Attorney General, and complex legal and licensing processes. The culmination of these changes will create insurmountable burdens for Maryland’s small businesses who are seeking to operate in good faith. **For these reasons, the Maryland Chamber of Commerce respectfully opposes SB 60.**



SB60_LOO_Fraud Prevention, Prevailing Wage, and Li

Uploaded by: Kevin O'Keeffe

Position: UNF

January 28, 2026

To: Members of the Senate Finance Committee

From: Independent Electrical Contractors (IEC) Chesapeake

Re: **Oppose Senate Bill (SB) 60 – Fraud Prevention, Prevailing Wage, and Living Wage – Prohibitions, Penalties, and Enforcement**

IEC Chesapeake membership includes 150 contractors and 70 business partners. IEC Chesapeake members represent approximately 9,000 employees. In addition, it has approximately 1300 electrical apprentices. IEC Chesapeake opposes SB60 because it establishes overly complicated enforcement procedures for contractors and subcontractors related to unemployment insurance, prevailing wage laws, workplace fraud, and living wage laws.

Owning and operating a business is very complicated. Dealing with the lingering effects of high inflation and attracting skilled workers makes this an especially challenging time to operate a business in Maryland. As written, SB60 places additional obstacles on contractors and subcontractors in Maryland. Providing more investigative and legal authority to the Maryland Attorney General will create undue administrative and cost burdens on contractors and subcontractors.

Specifically, SB60 mandates that the Labor Commissioner refer a complaint to the Attorney General even if the Commissioner declined to investigate a matter or has found the matter to be of no merit. This is patently unfair to contractors and subcontractors and even sets up a type of administrative double jeopardy. SB60 also unfairly limits hearings on license revocation to only mistaken identity. SB60 dictates that one-third of a \$1,000 civil penalty goes to an individual employee in addition to other benefits and restitution granted to that employee. This additional penalty has the potential to incentivize more complaints against contractors and subcontractors.

For the above reasons, IEC Chesapeake is requesting an unfavorable report. Thank you for your consideration. If you have any questions, please contact Grant Shmelzer, Executive Director of IEC Chesapeake, at 301-646-0197 or at gshmelzer@iecchesapeake.com or Kevin O’Keeffe at 410-382-7844 or at kevin@kokeeffelaw.com.

About Us

Independent Electrical Contractors (IEC) Chesapeake represents members throughout Delaware, Maryland, Virginia, West Virginia, and Washington, D.C. Our headquarters are located in Laurel, Maryland. IEC Chesapeake has an extensive apprenticeship program for training electricians. In addition, IEC Chesapeake promotes green economic growth by providing education and working with contractor members, industry partners, government policy makers and inspectors to increase the use of renewable energy.

SB60_ABC Maryland _Opposition Testimony.pdf

Uploaded by: Matthew Teffeu

Position: UNF



January 28, 2026

The Voice of Merit Construction

Mike Henderson
President

Greater Baltimore Chapter
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Chris Garvey
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To: Senate Finance Committee

Subject: SB 60- Fraud Prevention, Prevailing Wage, and Living Wage - Prohibitions, Penalties, and Enforcement

Position: **Oppose**

Dear Chair Beidle and Members of the Senate Finance Committee:

On behalf of Associated Builders and Contractors (ABC), a national construction trade association representing merit shop contractors and subcontractors across Maryland, we respectfully submit this letter in opposition to Senate Bill 60 as introduced.

ABC and its members strongly support fair competition, compliance with wage and hour laws, and robust enforcement against bad actors who intentionally misclassify workers or fail to pay legally required wages. However, SB 60 goes well beyond those objectives by imposing sweeping joint and several liability on general contractors for alleged violations committed by subcontractors, regardless of contractual relationship, knowledge, or control.

Joint and Several Liability Is Overbroad and Unworkable

SB 60 would make a general contractor automatically liable for subcontractor violations, even where the subcontractor is several tiers removed and even where the general contractor had no knowledge of, involvement in, or practical ability to prevent the alleged conduct. This approach abandons long-standing principles of fairness and proportionality in enforcement.

General contractors do not control subcontractors' payroll systems, classification decisions, or internal employment practices. Yet under SB 60, they would bear full financial and legal responsibility for violations over which they have no operational control. This effectively transforms general contractors into insurers for the entire subcontracting chain—an obligation that is neither realistic nor sustainable.

The Proposal Will Reduce Competition and Harm Small Businesses

The practical effect of this provision will be to discourage the use of small and emerging subcontractors, particularly minority-owned, women-owned, and specialty trade businesses that rely on subcontracting opportunities to grow. Faced with unlimited downstream liability, general contractors will be forced to narrow their subcontractor pools, increase costs, and impose onerous compliance burdens that smaller firms cannot meet.



This outcome directly undermines Maryland's stated goals of expanding opportunity, promoting competition, and supporting small businesses in the construction industry.

Existing Enforcement Tools Are Already Extensive

Maryland law already provides the Commissioner of Labor and Industry and the Attorney General with broad investigative and enforcement authority, including civil penalties, restitution, treble damages, debarment, and licensing consequences for employers who violate labor laws. SB 60 dramatically expands these powers while simultaneously shifting liability to parties who are not the violators.

ABC believes enforcement efforts should remain focused on the employer who actually committed the violation, rather than imposing strict liability on upstream contractors who complied with the law and acted in good faith.

Thank you for the opportunity to provide our perspective. We would welcome the opportunity to work with the Committee on more balanced approaches that protect workers while preserving a competitive and diverse construction industry in Maryland.

Respectfully submitted,

Associated Builders and Contractors
Maryland Chapter



SB 60_MTBMA_UNF.pdf

Uploaded by: Michael Sakata

Position: UNF



Senator Pamela Beidle, Chair
Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401

January 28, 2026

RE: SB 60 – UNFAVORABLE – Fraud Prevention, Prevailing Wage, and Living Wage – Prohibitions, Penalties, and Enforcement

Dear Chair Beidle and Members of the Committee:

The Maryland Transportation Builders and Materials Association (“MTBMA”) has been and continues to serve as the voice for Maryland’s construction transportation industry since 1932. Our association is comprised of 250 members. MTBMA encourages, develops, and protects the prestige of the transportation construction and materials industry in Maryland by establishing and maintaining respected relationships with federal, state, and local public officials. We proactively work with regulatory agencies and governing bodies to represent the interests of the transportation industry and advocate for adequate state and federal funding for Maryland’s multimodal transportation system.

MTBMA respectfully submits testimony in opposition to Senate Bill 60. Our members support strong worker protections and effective enforcement against bad actors who violate labor laws. However, SB 60, as drafted, imposes broad liability on parties without corresponding control, increases project costs, and risks undermining Maryland’s transportation construction program.

SB 60 effectively requires general contractors to police the labor practices of second- and third-tier subcontractors. General contractors do not control downstream subcontractors’ payroll systems, hiring practices, or day-to-day labor decisions. Imposing joint and several liability in this context increases overall project risk, drives up insurance and administrative costs, and makes project management more difficult. These impacts will inevitably be reflected in higher bid prices on public projects.

A significant practical consequence of this approach is reduced participation by small, minority-owned, emerging, and specialty subcontractors. Faced with expanded liability, contractors will be more cautious in subcontractor selection, narrowing competition and reducing flexibility. This runs counter to the State’s inclusion goals and ultimately increases costs for the Department of Transportation, local governments, and taxpayers.

Finally, the bill raises serious process and enforcement concerns. SB 60 expands the Attorney General’s authority while combining joint and several liability with licensing suspension, debarment risk, and financial penalties—without regard to a contractor’s knowledge, involvement, or ability to prevent a violation. There is no proportionality or safe harbor for good-faith, compliant contractors.



MTBMA supports fair and targeted enforcement of labor laws. SB 60, however, sweeps in responsible contractors, raises costs, and risks slowing project delivery at a critical time for Maryland's transportation investments. For these reasons, we urge an **unfavorable** report on Senate Bill 60.

Thank you,

A handwritten signature in black ink, appearing to read "Michael Sakata". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Michael Sakata
President and CEO
Maryland Transportation Builders and Materials Association

ASAB_SB60_UNFAV.docx.pdf

Uploaded by: Troy Brown

Position: UNF

January 28, 2026

Legislative Position: Unfavorable

Senate Bill 60

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

Senate Finance Committee

Dear Chair Beidle and members of the committee:

Founded in 1967, the American Subcontractors Association of Baltimore (ASAB) is dedicated to promoting the rights and interests of subcontractors in the commercial construction industry. ASAB builds strength in the subcontractor community through advocacy, education, networking, and professional growth, working to ensure better construction through fair construction and a fair distribution of risk across the industry.

ASAB strongly supports laws and enforcement efforts that promote a fair and level playing field. Subcontractors who misclassify workers or operate outside the rules undercut responsible contractors who properly classify employees, pay required wages and benefits, and price their work accordingly. We do not want to compete against bad actors and we agree that labor brokers and contractors who intentionally evade the law should be held accountable.

However, as introduced SB 60 raises significant concerns for compliant subcontractors due to its ambiguity and the substantial burdens it places on parties that are already making good-faith efforts to follow the law.

First, the bill seems to further complicate an already complex and evolving framework for determining whether a worker is an employee or an independent contractor. Recent federal and state rule changes have made this determination increasingly difficult, particularly on projects involving hybrid workforces. SB 60 would layer additional liability and penalties onto this uncertainty without providing clear, objective, and dispositive criteria that contractors can rely on to confirm compliance and avoid exposure.

Second, the bill's payment withholding provisions are especially troubling in the construction context. Many subcontractors operate under pay-if-paid or pay-when-paid contractual structures. Requiring payment to be withheld when one contractor is found to be noncompliant can create serious cash-flow risks for those in compliance, threatening payroll obligations, and shifting enforcement responsibility onto contractors who may have no practical ability to police the labor market. For compliant subcontractors, delayed or withheld payment can be business-threatening.

Further, SB 60 appears to impose significant penalties and downstream liability without first establishing a reasonable, workable verification system that protects contractors who do their homework. If a contractor verifies that a subcontractor is legitimate and compliant using objective documentation, such as registration, licensing, tax filings, and other state-recognized records, that verification should serve as a safe harbor from further liability under the statute.

ASAB respectfully urges the committee to reconsider SB 60 and, at a minimum, incorporate clear safeguards for compliant contractors, objective and conclusive factors that end investigations, and protections against payment withholding for parties that have acted in good faith. A more deliberate approach, potentially through a formal study or commission, would better balance accountability with practicality and avoid unintended harm to responsible businesses.

For these reasons, ASAB respectfully urges an unfavorable report on Senate Bill 60.

Sincerely,

Warren Quinn
Executive Director
American Subcontractors Association of Baltimore