

# Effective Worker Protections Require Effective Enforcement

## Position Statement in Support of House Bill 299

*Given before the Government, Labor, and Elections 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 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. House Bill 299 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 House Bill 299.**

House Bill 299 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.

House Bill 299 strengthens these protections in important ways:

- 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 House Bill 299, 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. House Bill 299 gives the state authority to permanently turn away 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.

House Bill 299 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.
- House Bill 299'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, well-staffed worker protection unit within the Office of the Attorney General.

House Bill 299 represents a meaningful step toward protecting Maryland workers and holding scofflaw employers accountable.

**For these reasons, the Maryland Center on Economic Policy respectfully requests that the Government, Labor, and Elections Committee make a favorable report on House Bill 299.**