



TO: The Honorable Melissa Wells, Chair
Members, House Government, Labor, and Elections Committee

FROM: J. Steven Wise
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DATE: February 12, 2026

RE: **OPPOSE** – House Bill 299 – *Fraud Prevention, Prevailing Wage, and Living Wage – Prohibitions, Penalties and Enforcement*

The Maryland Chapter of the Associated General Contractors of America (MDAGC) provides professional education, business development, and advocacy for commercial construction and highway companies and vendors, regardless of labor policy. AGC of America is the nation’s largest and oldest trade association for the construction industry. MDAGC **opposes** House Bill 299.

House Bill 299 proposes additional penalties and forms of enforcement for existing statutes governing Workplace Fraud. The Workplace Fraud statute was established to ensure that individuals are properly classified either as employees or independent contractors and applies only to construction and landscaping firms. The current law already contains significant penalty provisions, including authorizing penalties against repeat offenders of up to \$20,000 per employee. While MDAGC has concerns with the bill in its entirety and questions the need for it, two provisions are most troublesome.

First, the law places joint and several liability upon general contractors “regardless of whether the subcontractor is in a direct contractual relationship with the general contractor.” This means that every general contractor is responsible for the proper classification of workers by subcontractors, which may be two or even three steps removed from the general contractor. The Workplace Fraud statute, referred to by the Department of Labor in its materials as a “pioneering” and a “model” law for other states, ensures that these subcontractors acknowledge in writing their status as independent contractors, holding them directly accountable for any improper classification. Joint and several liability inappropriately holds the general contractor responsible for these actions.

Second, the legislation seems to be a solution in search of a problem. In its January 2026 Annual Report, the Joint Enforcement Task Force on Workplace Fraud states that in FY 2025, 433 site visits were conducted, including interviews of 3,074 workers, resulting in 241 investigations being initiated, and only 30 citations being issued. This constitutes a violation rate of exactly 1%. Clearly, based on the Department’s own report, compliance with the Workplace Fraud statute is extremely high and raises questions why the bill has even been introduced.

For these reasons, MDAGC opposes House Bill 299 and asks the Committee to give the legislation an unfavorable report.