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*Governor Wes Moore*

*Lt. Governor Aruna Miller*

*Acting Secretary Walter L. Simmons*

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**Bill Number:** House Bill 299  
**Title:** Fraud Prevention, Prevailing Wage, and Living Wage – Prohibitions, Penalties, and Enforcement  
**Committee:** Government Labor, and Elections  
**Hearing Date:** February 12, 2026  
**Position:** Favorable with Amendments

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Madam Chair and Members of the Committee:

The Maryland Department of Social and Economic Mobility (DoSEM) respectfully submits this testimony in support of House Bill 299, 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. HB 299 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 collaborated with the Department of Labor to request 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 HB 299 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.