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February 12, 2026

Legislative Position: Unfavorable

House Bill 299

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

House Government, Labor, and Elections Committee

Dear Chair Wells 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 HB 299 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. HB 299 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, HB 299 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.

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ASAB respectfully urges the committee to reconsider HB 299 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 House Bill 299.

Sincerely,

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