

February 10, 2026

The Honorable Melissa Wells
Chair
House Government, Labor, and Elections Committee
Maryland House of Delegates
142 Lowe House Office Building
6 Bladen Street
Annapolis, MD 21401

RE: HB 299 (Request – Dept. of Labor) - Fraud Prevention, Prevailing Wage, and Living Wage - Prohibitions, Penalties, and Enforcement – Unfavorable

Dear Chair Wells and Members of the Committee,

On behalf of TechNet, I'm writing to share comments on HB 299.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes 104 dynamic American businesses ranging from startups to the most iconic companies on the planet and represents five million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance.

The modern workforce requires a flexible employment environment that allows workers to find opportunities that match their skills, interests, and availability. The composition of the U.S. workforce is changing as new technologies have provided low-barrier access to flexible, independent work. Over time, in large part due to the availability of the gig and sharing economies, the independent workforce has grown to serve as an important source of supplemental earnings for millions of Americans.

Many in the modern, independent workforce find they get better financial returns on their skills than similar groups in the traditional workforce. Perhaps the biggest benefit to this new workforce is the flexibility that self-employment, independent contracting, and freelancing provides, which allows the independent workforce to balance work, family, and leisure activities differently than in a traditional employment relationship.

While TechNet is supportive of efforts to combat any kind of employment fraud, we are concerned that HB 299 could create a presumption for traditional employment

without considering the independent contractor workforce. For background, TechNet reached out to the Maryland Department of Labor to confirm our interpretation of the bill. For purposes of this engagement, TechNet is submitting remarks with clarifying questions.

Our concern is that the bill, as drafted, would expand the scope of the False Claims Act (FCA). More specifically, we are concerned that the bill amends the FCA to allow recovery of unpaid unemployment taxes in a way that threatens legitimate independent contractor relationships. If a business “knowingly” submits a “false record” relating to unemployment, the business could be liable for making a false claim. The “knowingly” standard creates legal uncertainty for businesses and workers operating under good-faith independent contractor business models. Businesses facing unemployment tax disputes wouldn’t just owe back taxes, they would face large damages. This legal uncertainty could ultimately disrupt the flexible work arrangements many independent contractors enjoy.

In other jurisdictions, arguments have been made that by underreporting workers, businesses have made so-called reverse false claims that are simply operating within an existing independent contractor business model. Ultimately, the concern is that this bill will lead to costly litigation in Maryland. As we understand it, there is ongoing litigation in Nevada around this issue.

While the bill mentions government contractors - mainly those doing construction on public works - we are concerned that this will apply to gig workers in the independent contractor space, and threaten the flexibility that these workers rely on.

We look forward to continuing these conversations around this issue and seeking clarification from the Department. Thank you for your consideration of our questions. Please don’t hesitate to reach out with any comments or questions.

Sincerely,

Margaret Durkin

Margaret Durkin
TechNet Executive Director, Pennsylvania & the Mid-Atlantic