

JOINT ENFORCEMENT TASK FORCE ON WORKPLACE FRAUD: 2024 ANNUAL REPORT

FEBRUARY 2025



PRESENTED TO:

Wes Moore, *Governor*
Aruna Miller, *Lt. Governor*

LETTER FROM THE SECRETARY

February 12, 2025

The Honorable Wes Moore, Governor
State House 100
Annapolis, Maryland 21401

The Honorable Aruna Miller, Lieutenant Governor
State House 100 State Circle
Annapolis, Maryland 21401

Subject: Joint Enforcement Task Force on Workplace Fraud 2024 Annual Report

Dear Governor Moore and Lieutenant Governor Miller,

Workplace fraud—a business practice where employers misclassify employees in violation of labor, employment, and tax laws, or pay workers off the books—is an ongoing problem in the State of Maryland. Combating these practices effectively requires a whole of government approach, involving multiple different agencies and authorities within State government. Recognizing that the State’s enforcement efforts can be enhanced further and made more efficient through interagency cooperation, information sharing, and joint prosecution of serious violators, Governor Moore signed the *Re-establishing the Joint Enforcement Task Force on Workplace Fraud* Executive Order on January 9, 2024. In accordance with that order, the Joint Enforcement Task Force on Workplace Fraud (Task Force) is required to issue an annual report at the end of every year. This report describes:

1. The record and accomplishments of the participating agencies of the Task Force, including the amounts of wages, premiums, taxes, and other payments or penalties collected, as well as the number of employers cited for legal violations related to workplace fraud and the approximate number of employees affected;
2. The administrative or legal barriers impeding the more effective operation of the Task Force, including any barriers to information sharing or joint action;
3. The consultations with representatives of business, organized labor, members of the General Assembly, and other affected agencies, appropriate administrative, legislative, or regulatory changes to:
 - a. Reduce or eliminate any barriers to the Task Force’s operations;
 - b. Enhance the investigation, enforcement, and prevention of workplace fraud; and
4. The successful strategies for preventing workplace fraud that reduce the need for greater enforcement.

The Maryland Department of Labor is pleased to submit this report on behalf of the entire Task Force, including:

- Comptroller Brooke Lierman,
- Attorney General Anthony Brown,
- Workers' Compensation Commission Chair Maureen Quinn,
- Insurance Administration Acting Commissioner Marie Grant,
- Director of Assessments and Taxation Daniel Phillips,
- Commissioner of the Division of Occupational and Professional Licensing John Dove,
- Commissioner of Labor and Industry Devki Virk, and
- Assistant Secretary for the Division of Unemployment Insurance Rachel Torres.

Sincerely,



Portia Wu,
Chair, Joint Enforcement Task Force
Secretary, Maryland Department of Labor

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EXECUTIVE SUMMARY

Workplace fraud occurs when businesses misclassify workers who should be employees as independent contractors or pay workers outside of formal payroll (i.e., off the books).

The prevalence of workplace fraud erodes contracting and labor standards, undermines labor markets, and makes it financially difficult for responsible, law-abiding businesses to compete with businesses engaging in misclassification. Workplace fraud hurts Maryland's ability to create quality jobs and grow the middle class. Combatting workplace fraud is critical to ensuring that pathways to work, wages, and wealth are available to all Marylanders.

Workplace fraud is widespread in many Maryland industries, including construction, landscaping, home health care and assisted living, temporary staffing, commercial and residential cleaning, security, and transportation. To address this harmful business practice, in 2009, the Maryland General Assembly passed the Workplace Fraud Act. The Workplace Fraud Act creates a separate violation for worker misclassification in construction and landscaping services—two industries where misclassification is common.

In January 2024, Governor Wes Moore signed the *Re-establishing the Joint Enforcement Task Force on Workplace Fraud* Executive Order, reactivating the Joint Enforcement Task Force on Workplace Fraud (Task Force). The Task Force is charged with coordinating the investigations and enforcement of workplace fraud in the State.

Over the past year, the Task Force has engaged in a series of discussions, fact finding, and enforcement coordination efforts. Members have shared information about how each member agency encounters misclassification in its work and cataloged the authorities and tools each agency currently possesses to combat misclassification. They also identified agency data that could assist other Task Force agencies in carrying out their work.

Collectively, in 2024, Task Force agencies discovered **5,595** misclassified workers through their enforcement actions. The Division of Unemployment Insurance uncovered over **\$36 million** in unreported taxable wages paid to workers due to workplace fraud, and the Comptroller assessed **\$3.5 million** in tax, interest, and penalties on businesses for misclassifying workers.

The Task Force heard from researchers, businesses—including women- and minority-owned businesses—workers, labor unions, and community-based organizations about the barriers to tackling workplace fraud. Stakeholders shared recommendations to help deter and reduce workplace fraud. Based on the information gathered both from those stakeholders and from its own activities, the Task Force identified several barriers to effectively combating workplace fraud and discussed and formulated solutions to address those problems.

INTRODUCTION

How workers are classified—as employees or independent contractors—has serious ramifications for Maryland workers, businesses, and the economy.

The extent of misclassification—also known as workplace fraud—is difficult to pinpoint, but it is estimated that nationally, between 10% and 30% of employers may misclassify some or all of their employees as independent contractors.¹

Misclassification causes workers to lose access to basic employment protections and their hard earned wages. Conservative estimates find that in Maryland, misclassifying workers as independent contractors shifts costs and risks to workers, effectively reducing their income by anywhere from \$6,111 to \$13,075 per worker per year.²

Recognizing the serious impact worker misclassification has on Maryland businesses, workers, and the economy, Governor Wes Moore signed an executive order on January 9, 2024, to renew and expand the Joint Enforcement Task Force on Workplace Fraud.³ The Task Force is chaired by Maryland Department of Labor Secretary Portia Wu, and consists of the following members:

- Attorney General Anthony G. Brown
- Comptroller Brooke E. Lierman
- Workers' Compensation Commission Chair Maureen Quinn
- Insurance Administration Acting Commissioner Marie Grant
- Director of Assessments and Taxation Daniel Phillips
- Commissioner of the Division of Occupational and Professional Licensing
John Dove
- Commissioner of Labor and Industry Devki Virk
- Assistant Secretary for the Division of Unemployment Insurance Rachel Torres

Members of the Task Force represent agencies that have a role to play in reducing and preventing workplace fraud. The Executive Order recognizes that effectively combatting workplace fraud requires a whole of government approach, involving multiple different agencies and authorities within State government. It charges the Joint Enforcement Task Force on Workplace Fraud to:

- Work together across agencies and divisions to coordinate investigations and enforcement of workplace fraud by sharing information and pooling and targeting resources;
- Partner with researchers to study workplace fraud and quantify the costs of these practices to workers, businesses and the economy;
- Work together with business, organized labor, and community groups interested in reducing workplace fraud to educate workers and businesses about the practice, their rights and responsibilities, and to reduce and prevent workplace fraud; and
- Issue an annual report to the Governor at the end of each year that outlines the accomplishments of the task force, barriers to enforcement, and strategies for preventing workplace fraud.

This report presents data on the prevalence and consequences of workplace fraud in Maryland; summarizes the work undertaken by Task Force member agencies to combat workplace fraud; shares observations from workers, businesses, and researchers about the impact of workplace fraud; and identifies barriers to investigating and enforcing workplace fraud. The report goes on to suggest potential policy solutions that can help reduce and prevent worker misclassification in Maryland.



PREVALENCE OF WORKPLACE FRAUD IN MARYLAND

Worker misclassification occurs when workers who should be classified as employees are instead classified as independent contractors or 1099 workers, or are paid off the books.

Misclassification has costs for workers, businesses, and taxpayers.

Workers

Workers who are classified as employees receive protections under federal and state labor, employment, and tax laws. These laws provide critical protections to workers, including:

- The right to a minimum wage and overtime pay;
- The right to organize;
- Access to paid sick and safe leave;
- Anti-discrimination protections and recourse if workers are discriminated against, or harassed on the job;
- Unemployment Insurance if workers are laid off; and
- Workers' Compensation for injuries.

Misclassified workers lose out on these protections as well as access to employer-provided health insurance and retirement benefits as a result of misclassification. Misclassified workers also absorb the employer share of Social Security and Medicare contributions, which are usually split evenly between workers and employers when workers are classified as employees.

Businesses

Workplace fraud unfairly disadvantages businesses that play by the rules. Businesses reduce their labor costs through misclassification, by shifting those costs to workers, to taxpayers, and to society at large. As a result, law-abiding businesses in industries where workplace fraud is prevalent are increasingly unable to compete.

Responsible businesses lose a competitive edge because their costs include payroll, Workers' Compensation premiums, Social Security and Medicare, and Unemployment Insurance taxes—which means higher expenses than businesses that misclassify workers. Employers are required to make contributions to Social Security, Medicare,

I have been a home care worker for over 10 years. I work hard and take care of my patients. Without me no one would be there to take care of them. I help them bathe and get dressed. I make them food. But it's very hard for me. Even though the employer tells me what to do, they say I am not an employee and I have no protections. My employer sometimes doesn't pay what I am owed and just keeps my wages. I take care of my mother and my daughter and sometimes I cannot eat.

- Home care worker who is classified as an independent contractor

Unemployment Insurance, and Workers' Compensation on behalf of their employees, and withhold income taxes. However, businesses are not required to deduct taxes and other contributions from the paychecks of independent contractors.

Taxpayers

When businesses engage in workplace fraud, public programs are deprived of critical revenue. Other taxpayers are left to subsidize the costs that employers who engage in misclassification have failed to cover—including underfunded Unemployment Insurance, Workers' Compensation, Social Security, and Medicare programs, as well as the underpayment of income taxes resulting from the lack of automatic payroll deductions, and, income underreporting.⁴

Workplace Fraud in Maryland

Workplace fraud can occur in any industry and any worker can be misclassified or paid off the books. However, because of occupational segregation and other labor market disparities, workers of color and immigrant workers are more likely to work in industries where misclassification is common—such as in construction, landscaping, home health care, janitorial, housekeeping cleaning, security, personal care services (i.e. nail salons), and transportation.⁵

While both the prevalence and impact of workplace fraud are difficult to measure, researchers have attempted to estimate the number of misclassified workers in key sectors, the impact on workers' earnings, and the public revenue loss resulting from worker misclassification and off-the-books payments.

Table 1 on page 10 provides one estimate of how much Maryland workers who are misclassified as independent contractors lose annually in wages, compared with what they would have earned as employees. Using the most conservative estimate, misclassifying workers as independent contractors shifts costs and risks to workers, effectively reducing their income and benefits by anywhere from \$6,111 to \$13,075 per worker per year, depending on their occupation.⁶

A recent analysis of the construction industry by The Century Foundation estimates 23,731 construction workers are misclassified in Maryland—roughly 11% of construction workers in the state.⁷ This misclassification in turn leads to public revenue losses, estimated at:

- \$79.1 million lost Social Security and Medicare contributions annually;
- \$19.3 million in lost State income revenue annually; and
- \$32.1 million in lost federal incomes tax revenue annually.⁸

We were the victims of fraud. We were doing plumbing work on new residential construction in Montgomery County. We didn't get paid for the work we did. We were misclassified, so we didn't know what to do. Luckily, the worker center helped us and we sued for our wages and won.

- Construction workers who were classified as independent contractors

Table 1: Estimated costs of Workplace Fraud for Workers, by Occupation in Maryland in 2023

Occupation	Low estimate of annual loss of income to worker*	High estimate of annual loss of income to worker**
Heavy and Tractor Trailer Truck Drivers	\$13,075	\$21,177
Light Truck Delivery Drivers	\$11,401	\$18,440
Construction Workers	\$10,155	\$15,540
Customer Service Representatives and Call Center Workers	\$7,994	\$11,047
Security Guards	\$7,816	\$10,800
Landscaping Workers	\$7,815	\$10,797
Home Health and Personal Care Aids	\$7,533	\$10,422
Manicurists & Pedicurists	\$7,258	\$10,370
Janitors and Cleaners	\$7,206	\$9,946
Housekeeping Cleaners	\$6,221	\$8,571
Retail Workers	\$6,111	\$8,300

* The low estimate is calculated based on the “median annual earnings via regular pay, which excludes supplemental pay, paid leave, and employer contributions to health insurance and retirement plans.”

** The high estimate is calculated based on “regular pay plus the dollar value of employer contributions to health insurance and retirement plans.”

SOURCE: Economic Policy Institute, <https://www.epi.org/publication/misclassifying-workers-2025-update/>.

Businesses misclassifying construction workers in Maryland also avoid paying an estimated:

- \$27.4 million in overtime pay annually;
- \$9.1 million in Unemployment Insurance contributions annually;
- \$58.7 million in Workers’ Compensation premiums annually; and
- \$82.3 in Federal Insurance Contributions Act (FICA) payments, (i.e. federal payroll tax), annually.⁹

Businesses that wrongfully misclassify workers save considerable costs which can enable them to underbid and undercut businesses that comply with the law. This makes it especially challenging for small businesses, including minority and women-owned businesses that are complying with the rules and providing required protections and benefits for their workers, to compete.

Barriers to Enforcement in the Construction Industry

While many industries are susceptible to misclassification, the nature of work and structure of the construction industry can make small businesses and workers particularly vulnerable to workplace fraud. A number of factors contribute: Due to the high potential for injury, workers' compensation insurance premiums are high in construction, so businesses may seek to avoid paying Workers' Compensation premiums. Additionally, construction worksites are episodic and mobile. This makes regulation and enforcement substantially more difficult and time intensive, reducing the risk of detection.

Construction sites also utilize a general contracting structure. A general contractor bids on a project, and if selected, negotiates the project terms and conditions with the project owner. The general contractor then hires subcontractors and sets the terms and conditions of the contract for subcontractors. The subcontractors in turn may hire the workers who perform the work on the construction site, or may hire subcontractors of their own to perform all or part of the work - or both.

Some of these subcontractors are construction small businesses, MBEs, and WBEs. Others, however, are entities or individuals known as labor brokers. A labor broker is an "entity or individual that hires employees and sells the services of the employees to another employer in need of temporary employees."¹⁰ A labor broker is a supplier of workers rather than a true subcontractor. Labor brokers frequently misclassify workers who should be W-2 employees as independent contractors, paying them off the books, and pocketing unpaid wages.¹¹

TOOLS TO COMBAT WORKPLACE FRAUD



The Workplace Fraud Act

Maryland's Workplace Fraud Act was a pioneering piece of legislation enacted in 2009 to address the problem of misclassification.¹² Although misclassification violates other laws, including tax, unemployment, and workers' compensation, the Workplace Fraud Act established misclassification itself as an independent violation of the law. The law, which has been used as a model for other states, applies only to the landscaping and construction industries—two industries where misclassification is prevalent. The law also requires State agencies that are impacted by workplace fraud to share information about cases and investigations.

The Workplace Fraud Act utilizes a three-step system to identify true independent contractors in the two industries to which it applies. A worker in those industries is presumed to be an employee and not an independent contractor, unless all three of the following conditions are met:

1. The worker is free from the control and direction of the business;
2. The worker performs work that is outside the usual course of business; and
3. The worker is engaged in an independently established trade, occupation, or business of the same nature.

The Act requires that employers maintain records and documentation on the independent contractors with whom they do business, and provide these independent contractors with a notice explaining their classification. Employers who are found to “improperly misclassify” workers have 45 days to pay restitution and come into compliance with all applicable labor laws including laws related to income tax withholding, Unemployment Insurance, wage laws, and Workers' Compensation. Employers who “knowingly” misclassify their workers are subject to a civil penalty of up to \$10,000 per employee. The Act also creates a private right of action for certain workers who believe they were misclassified.¹³

Additionally, Maryland law also contains anti-retaliation protections for workers who come forward with complaints of misclassification.¹⁴

Workers' Compensation Law

Maryland Workers' Compensation law presumes that an individual is an employee while performing services under a contract of hire. To overcome the presumption of employment, an employer must establish that the individual performing services is an independent contractor.¹⁵ Additionally, the law requires employers to secure workers' compensation for employees through an approved insurance policy, approved governmental self-insurance, or acceptance into the self-insurance program for private employers.¹⁶ The Workers' Compensation Commission has the authority to hold hearings when an employer fails to secure compensation for its covered employees.¹⁷ The Commission can charge an employer who knowingly – through actual knowledge, deliberate ignorance, or reckless disregard for the truth – fails to properly classify an individual as an employee.¹⁸ A penalty of up to \$25,000 can be assessed when an employer is found to be in violation of the Workers' Compensation law. If, following a hearing, the Commission finds that the employer failed to comply with an Order issued by the Commission, an additional penalty of up to \$25,000 may also be assessed.¹⁹

Unemployment Insurance Law

Under Maryland's Unemployment Insurance law, work is presumed to be covered employment for Unemployment Insurance if it is performed for wages or under a contract of hire.²⁰ In order to overcome the presumption of covered employment, an employer must satisfy the same three tests utilized in the Workplace Fraud Act before classifying a worker as an independent contractor.²¹ Employers who knowingly fail to properly classify an individual as an employee can be assessed a civil penalty of not more than \$5,000 per employee. The law also provides for a civil penalty of not more than \$20,000 for a person who knowingly advises an employer to misclassify workers.²²

Tax Law

Maryland tax law requires an employer to withhold income tax from employees.²³ Regulations explain that withholding requirements apply to employers paying salaries, wages, or compensation for personal services.²⁴ The law also authorizes the Comptroller to conduct a withholding audit—a review of wages paid by the business and taxes withheld by the business.²⁵ The Comptroller's office is authorized to assess for any tax deficiencies found during an audit.²⁶ If a person, including an officer of a corporation, makes a false tax return with the intent to evade the payment, the Comptroller shall assess a penalty not exceeding 100% of the tax due.²⁷ The Comptroller's office routinely conducts withholding tax audits to ensure withholding tax is being properly withheld, reported and remitted to the State of Maryland.

Over the past year, the Task Force has developed infrastructure and strategy to combat workplace fraud with a unified, State-wide approach. The actions taken are discussed in the next section and include reestablishing strong inter-agency partnerships capable of more effectively identifying and addressing misclassification, streamlining investigation processes, and collaborating on everything from enforcement methodology to the implementation of remedies.

2024 TASK FORCE ACTIVITIES

Information Gathering

The Task Force held several meetings to hear from stakeholders in multiple industries about the impacts of workplace fraud on workers and businesses, and invited other states to share their experiences in tackling this problem.

Public Meetings

Public Task Force meetings were held in March, May, November, and December 2024. In these meetings the taskforce heard from researchers, labor unions, workers, small businesses, and workplace fraud task forces from other states.

- Researchers shared the harmful financial and economic impact misclassification has on workers, businesses, and taxpayers in Maryland. According to The Century Foundation, nationally, between 1.1 to 2.1 million construction workers are estimated to be misclassified or paid off the books—that is between 10% and 19% of the construction workforce. When businesses engage in workplace fraud they underpay workers and fail to make required benefits payments. This translates into \$12 billion in lost wages and lost Social Security, Medicare, Unemployment Insurance, and Workers' Compensation contributions per year.²⁸ Researchers also emphasized that immigrants, women, and people of color disproportionately face the harms of being misclassified.²⁹
- Labor unions, including the Baltimore-D.C. Building Trades Council, 1199SEIU - Maryland & District of Columbia, and the Maryland State & District of Columbia, AFL-CIO; community-based organizations and workers centers; and researchers shared how misclassification hurts workers ability to organize and bargain collectively, depriving them of a critical tool to improve their workplaces.
- Labor officials in Pennsylvania, Illinois and Minnesota shared how they are collaborating across agencies and divisions to issue workplace fraud findings. Presentations from all three states highlighted that information sharing across enforcement agencies can be an effective best practice.

Stakeholder Listening Sessions

The Task Force held listening sessions in August and October to hear specifically from workers and small businesses impacted by worker misclassification.

Workers in the construction, transportation and healthcare sectors shared how workplace fraud leaves them in precarious and vulnerable employment and financial situations. Several workers

It's really hard for immigrant workers. Some can only get jobs in construction if they agree to be 1099 workers, even though they should be W-2 employees. They have to feed their families and are often taken advantage of - working long hours doing grueling, backbreaking work for low pay, sometimes no pay.

- Labor representative organizing immigrant construction workers

shared experiences of wage theft. Many shared their fear of reporting misclassification, because without employment protections, they feel beholden to the business and cannot afford to lose their jobs.

Multiple workers stated how misclassification has left them without access to employer provided health insurance leading to compounding health problems, made them ineligible for workers' compensation when they were injured on the job, and disqualified them from accessing unemployment insurance when they lost their jobs. Since independent contractors don't have access to earned sick and safe time, they are unable to take paid time away from work to care for themselves or a family member when they are sick. Workers are forced to choose between going to work sick or losing out on a much-needed paycheck.³⁰

Several construction subcontractors, MBEs, and WBEs stated that workplace fraud has become the norm in the construction industry. When many in the industry rely on misclassification as a way to cut costs, subcontractors who want to conduct business the right way are put in a tough spot. Multiple business owners who have been in operation for decades noted that they would not be able to start and grow businesses in today's climate where subcontractors are encouraged and incentivized by general contractors to misclassify their workers. Misclassification creates an uneven playing field for employers who want to follow the law when they have to compete against businesses who are putting forth lower bids because they are misclassifying workers.

Steps Toward Collaborative Enforcement

A key focus of the Task Force has been to renew coordinated enforcement and data sharing. Coordinated enforcement across Task Force agencies is critical to combatting workplace fraud. Lead enforcement officers in other states stressed the need to collaborate across agencies. This also ensures the Task Force is making the best use of taxpayer dollars—the Task Force aims to best leverage scarce resources and avoid duplication.

Over the past year, Task Force members have shared information about how each member agency encounters misclassification in its work, cataloged the authorities and tools each agency currently possesses to combat misclassification, and identified categories of data held by member agencies that could assist other Task Force agencies in carrying out their work.

Joint Enforcement Coordinating Meetings

Enforcement staff from Task Force member agencies have been meeting regularly to share information, develop relationships, and identify collaborative workplace fraud enforcement strategies. Information about misclassification investigations is shared across agencies and divisions to identify and facilitate enforcement actions against potential violators, including to seek all appropriate remedies under employment, business, tax, licensing and consumer protection laws.

Good companies are being put out of business because of misclassification. I am desperate to level the playing field for the good guys. The general contractors have to be held responsible. They know what is happening. They encourage it by only taking the lowest bids. Something has to be done.

- Female Construction Subcontractor

Agencies and divisions investigating workplace fraud under their own authority can share information and refer cases to sister agencies to investigate potential workplace fraud liability under other agencies' laws and regulations.

For example, the Maryland Department of Labor's Division of Labor and Industry, the agency responsible for enforcement of the Workplace Fraud Act, has shared its ongoing investigations and citations with enforcement staff at other agencies, and also has referred potential cases of misclassification identified in the Division's general wage and hour enforcement work - in all, over 250 matters have been referred since the Executive Order issued. These referrals have resulted in action by sister agencies on the Task Force, some of which have included discovery of additional misclassified workers. With this information, the Workers' Compensation Commission could investigate and hold the business liable for Workers' Compensation. Workers' Compensation law allows contractors to be held liable for Workers' Compensation even if the worker was hired by a subcontractor.

Similarly, with a referral from the Maryland Department of Labor, the Comptroller could conduct a withholding audit—a review of wages paid by the business and taxes withheld by the business. The Unemployment Insurance Division could audit the business to verify that contributions paid by businesses are correctly computed and reported on their quarterly wage reports.

For example, in 2024, through referrals from sister agencies, the Division of Unemployment Insurance discovered 85 misclassified workers and \$2,607,848 in unreported wages paid to workers, including \$649,343 in taxable wages.

Shared Investigations Portal

In November, the Task Force launched a secure, encrypted data portal that allows designated staff across Task Force agencies to share information about misclassification cases. Once the data use and sharing authorization agreements are formalized, the portal will help facilitate more robust data sharing on workplace fraud investigations. Staff will be able to access the portal to enter and find information on misclassification investigations.

Data Sharing Agreements

The Task Force has identified several opportunities where cross-agency and cross-division data sharing could help increase enforcement against entities that misclassify workers. Task Force agencies are preparing a multi-agency data-sharing agreement to facilitate exchange and access to relevant information to formalize data sharing. All data sharing will be in support of the Task Force's work to combat misclassification work and will be compliant with applicable federal and state laws.

I opened my business 40 years ago and it was hard, but I was able to grow into a successful business that helped support my family and create jobs in my community.

I wouldn't want to start my business now—it's a race to the bottom.

- Minority Construction Subcontractor

Agency Workplace Fraud Investigations and Data Collection

In addition to the work to coordinate and share information, individual Task Force agencies have accelerated investigations into workplace fraud. Agencies are conducting more investigations, finding misclassified workers, and referring cases to sister agencies. Agencies are also engaged in data collection and increased education and outreach to help prevent and reduce workplace fraud. Below are some highlights of individual agency activity.

Division of Labor and Industry Misclassification Findings

Maryland Department of Labor’s Division of Labor and Industry (DLI) is charged with enforcing the Workplace Fraud Act. DLI also enforces the State’s wage payment and collection and leave laws, including the minimum wage, overtime, prevailing wage, living wage, and sick and safe leave laws, as well as its occupational safety and health standards. A worker experiencing workplace fraud may also experience wage and leave violations, or be subject to workplace hazards. DLI has the authority to conduct investigations across these categories, and is beginning to cross-train and cross-refer across all of these programs.

DLI also houses the Workplace Fraud Unit, which has the power to issue citations and assess penalties in cases of worker misclassification. The General Assembly approved 5 additional PINs (full time employees) in the FY 2025 budget to support the rebuilding of workplace fraud enforcement in the State. The unit has grown from one full-time investigator at the end of 2023 to five investigators, one of whom is bilingual (Spanish) and is recruiting for an additional bilingual investigator for the remaining vacancy. As the unit develops and refines its investigative processes and strategies, these investigators have been key in bolstering capacity.

From January 1, 2024 through December 31, 2024, DLI issued 29 workplace fraud citations, identified 199 misclassified workers, and referred 235 cases of possible misclassification to sister agencies on the Task Force. Once a data sharing agreement is reached, DLI looks forward to receiving referrals and data from other agencies to assist in enforcement of the Workplace Fraud Act.

Table 2: Division of Labor and Industry Workplace Fraud Findings

Year	Site Visits	Workers Interviewed	Investigations Initiated	Workers Found to be Misclassified	Referrals Made to Sister Agencies	Citations Issued
FY 2022				0	28	0
FY 2023				0	34	0
FY 2024				81	130	18
Calendar Year 2024*	295	1,687	185	199	243	29

* From January 1, 2024 through December 31, 2024.

SOURCE: Maryland Department of Labor, Division of Labor and Industry

Comptroller Withholding Audits

The Comptroller of Maryland works to increase equity, resilience and prosperity in Maryland. This includes ensuring that Maryland businesses are paying their fair share of taxes and conducting withholding audits. A withholding audit is a review of wages paid by the employer and taxes withheld by the employer. The Comptroller completes these audits to ensure taxes were withheld properly and that the proper amount of withholding tax was reported to the State. The subjects of withholding tax audits are mainly selected based on cursory reviews conducted during audits of other tax types, such as sales and use and admissions and amusement tax. Audits may be a result of citizen complaints as well.

From January 1, 2024 through September 30, 2024, the Comptroller of Maryland conducted a total of 46 withholding tax audits. Of the 46 withholding audits conducted: 24 audits were assessed for misclassified workers, 13 were assessed for reasons other than misclassification, and 9 of the audits found no additional tax due and were closed without assessments. **The audits assessed for misclassified workers resulted in assessments of tax, interest and penalties totaling \$3,529,000.**

Most notably, 14 audits found that construction companies misclassified workers as independent contractors, leading to assessments of tax, interest and penalties totaling \$3,138,241.

The remaining 10 audits that were assessed for misclassified workers were:

- 8 miscellaneous businesses: \$338,910, and
- 2 restaurants: \$51,849.

Division of Unemployment Insurance Audits

The Division of Unemployment Insurance (UI) conducts audits throughout the year to verify that contributions paid by employers are correctly computed and reported on their quarterly wage reports. Audits are mostly selected randomly from the database of active contributory employers. Audits also focus on certain industries each year based on prior year audit findings and are also performed based on investigative assignments like block claims, referrals from other units and divisions, and complaints received from employers and constituents. Several audits in 2024 resulted from workplace fraud referrals from sister Task Force agencies and divisions.

Table 3: Misclassified Workers found through Unemployment Insurance Audits in 2024*

Industry	# of Audits Completed	# Misclassified Workers Found	# of Workers Reported by Employers	% of Misclassified Workers Found	Total Unreported Wages Found	Unreported Taxable Wages
Industries With High Rates of Misclassification Findings						
Home Health Care	39	736	2,100	35.05%	\$10,555,273	\$4,783,341
Landscaping	64	224	1,140	19.65%	\$2,646,080	\$1,088,221
Janitorial Services	33	169	869	19.45%	\$2,616,215	\$993,152
Construction	417	1,012	6,494	15.58%	\$31,620,477	\$7,534,776
Security Guards	9	159	1,792	8.87%	\$1,170,323	\$524,734
All Industries						
All employers	1,783	5,396	43,569	12.38%	\$115,160,616	\$36,450,799

* 2024 numbers are from January 1, 2024 to December 31, 2024.
 SOURCE: Maryland Department of Labor, Division of Unemployment Insurance

As shown in Table 3 above, from January 1, 2024 through December 31, 2024, **1,783 UI audits** and were conducted:

- The audits identified **5,396 misclassified workers**, resulting in
- **\$115,160,616 in unreported wages** paid to employees.

The numbers are also notable when broken down by sector. From January 1, 2024 to December 31, 2024, UI audits found high rates of misclassified workers present in the home health care, landscaping, janitorial, construction security industries. (See the Appendix for UI Audit data over time.)

Department of Assessments and Taxation Business and Employer Data

The Maryland Department of Assessments and Taxation (SDAT) serves as the central registry for new and existing businesses operating in Maryland. New business entities file new formation documents with SDAT, and existing businesses file the required Annual Report to remain in active status with SDAT. To increase the workforce-related data it collects, SDAT will add new questions to its Annual Report in 2025, asking each business:

- How many workers they will employ during the calendar year;
- Whether they have registered for unemployment Insurance, obtained workers’ compensation insurance, registered for a tax withholding account with the Comptroller; and
- If they pay their workers by 1099.



Additionally, the report will provide a link to information on each topic at the Workers' Compensation Commission, the Comptroller, and the Maryland Department of Labor, as well as link to Labor's page for employer obligations, with a place on the report to indicate that the business has reviewed and understands the obligations, or to request an email from Labor with more information. SDAT will also require each business to provide an NAICS code (i.e. an industry classification code), which was previously optional.

These resources can help increase education and awareness among businesses about their responsibilities as employers. While the reporting is voluntary, it can help the Task Force better understand how businesses are operating and tailor education and training programs to raise business compliance with employment, labor, and tax laws.

POTENTIAL POLICY CONSIDERATIONS TO PREVENT AND REDUCE WORKPLACE FRAUD

The Task Force held several listening sessions over the last year and heard similar themes from researchers, businesses, including women- and minority-owned businesses, workers, labor unions, and community-based organizations to help tackle workplace fraud. These ideas surfaced in the numerous conversations and are based on extensive stakeholder input and shared below. The Task Force will continue to engage with stakeholders and the public to build and refine these ideas to bolster the Task Force's investigative and enforcement authority to combat workplace fraud.

1. Increasing Education and Outreach

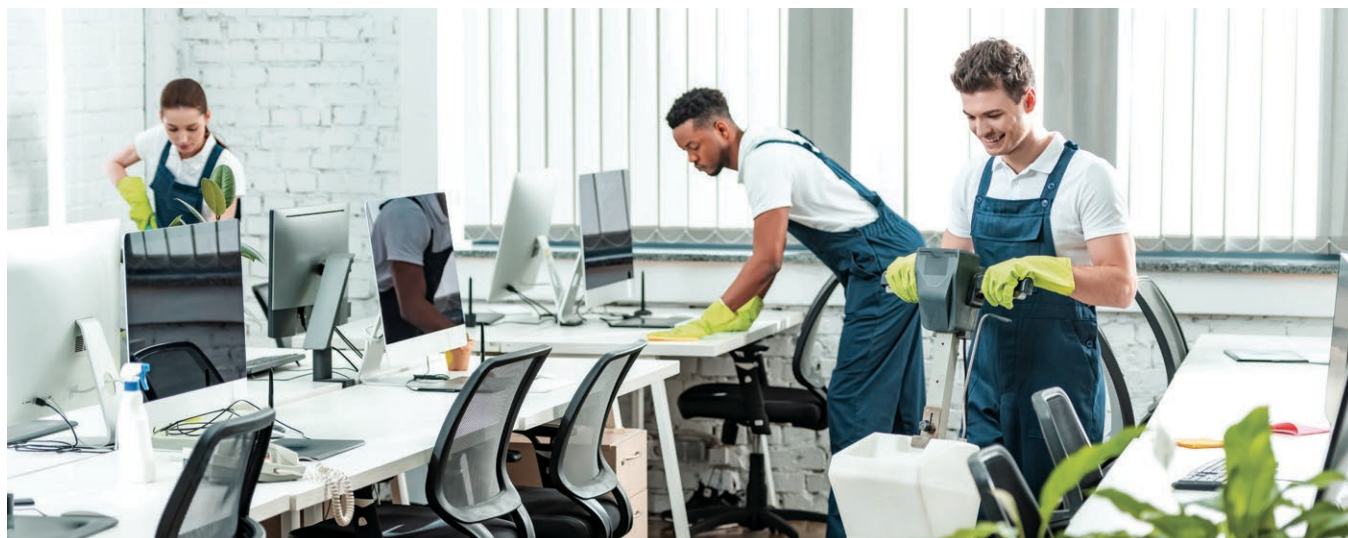
Challenge

There is limited knowledge among workers, businesses, consumers, and taxpayers, about the Workplace Fraud Act and its consequences for workers, fair competition, tax revenue, and overall economic growth.

Potential Response

Provide Task Force member agencies with necessary resources to engage in Statewide education and public outreach efforts in partnership with labor unions, workers center, and business and industry groups to educate the public, workers, and business owners about workplace fraud and their responsibilities and rights under the Workplace Fraud Act. This includes:

- Conducting outreach to businesses, including tailored outreach to small businesses, and women- and minority-owned businesses;
- Partnering with labor unions, workers centers, and community-based organizations to conduct “know your rights” training for workers, targeting industries with high rates of workplace fraud;
- Sharing resources with businesses when they come into contact with a State agency such as the Department of Assessments and Taxation (SDAT), the Division of Unemployment Insurance, and the Workers' Compensation Commission, about workplace fraud and their responsibilities as an employer; and
- Developing public facing materials for small businesses and workers, such as fact sheets and videos to post on Task Force members respective websites.



2. Encouraging Worker Cooperation in Investigations

Challenge

Workers are often reluctant to come forward with workplace fraud complaints or cooperate with investigations. Some workers see a financial benefit to being misclassified—in the form of immediate cash in their pockets. They may not be aware of the long-term implications of misclassification until they lose their job and find out they aren't eligible for Unemployment Insurance or are injured on the job and realize they don't have access to Workers' Compensation benefits.

Other workers may not come forward with workplace fraud complaints because they fear retaliation, termination, or, for undocumented workers, the threat of deportation. Businesses may threaten to call immigration authorities when workers complain or seek to exercise their rights. Other common forms of retaliation include withholding pay, longer or fewer hours, changes in established hours or shifts, dangerous work assignments, or termination.

Potential Response

To combat the disincentives that workers have to come forward, some states have provisions where workers may receive incentives on top of penalties levied from findings of workplace fraud.³¹ This may increase the likelihood that workers will report abuses and cooperate with investigations. (Currently, a finding of workplace fraud rarely results in payments to affected workers. Benefit contributions are paid to the State funds, taxes are paid to the State's revenue authority, the Comptroller, and penalties are paid to the General Fund.) Providing some direct benefit to workers gives them a stake in reporting and assisting in enforcement of workplace fraud. Additionally, misclassification is often perceived as enabling workers to receive more money for their work; and a monetary incentive is a tangible benefit that could help counteract the perceived benefit of accepting misclassification.

3. General Contractor Responsibility on Public Works Construction Projects

Challenge

Construction general contractors bid for contracts and set the terms and conditions of the contract. They then subcontract to small businesses to perform the work. If any Workplace Fraud Act violations are found, typically only the subcontractors are liable for violations since they have procured the workers—despite the general contractor’s authority over the contract and job site. The general contractor sets the compensation and schedule, and negotiates the contract with the State, but bears no liability. Subcontractors may feel pressure to misclassify workers in order to meet payroll based on the terms of the contract.

This lack of accountability, coupled with the existing incentives to bring in the low bid, means that businesses at the very lowest end of the contracting chain, who are often small, minority-owned, struggling—or all three—bear all of the responsibility for complying with the Workplace Fraud Act.

Potential Response

General contractors are currently liable for underpayment of wages by subcontractors on their projects.³² Holding general contractors accountable for workplace fraud violations on their projects would follow the prevailing wage statute and create a strong incentive for the general contractor to actively monitor how their subcontractors classify workers.

Currently, general contractors have no incentive to ensure compliance with the law. Contractors at the top of the chain obtain the financial benefit of a lower-cost workforce when their subcontractors engage in workplace fraud, but bear no responsibility. Holding general contractors responsible for workplace fraud would mean that those contractors who benefit most from misclassifying workers share equally in the responsibility for penalties as well.

Additionally, it is impossible for the State to be on every worksite enforcing the law. Since the general contractor sets the terms of the work and negotiates the topline contract, they are best positioned to monitor compliance with the law.

The fines for misclassifying workers are too low. The general contractors just see paying fines as part of the cost of doing business. There has to be stronger enforcement to stop this. The general contractor has to see a cost to misclassifying workers.

- Minority Construction Subcontractor

4. Consequences for Noncompliance

Challenge

There are few consequences for contractors who violate the Workplace Fraud Act. A violation of the Workplace Fraud Act – even a knowing violation or repeated violation – does not provide grounds for prohibiting a business from receiving public contracts, or revocation or suspension of state-issued licenses. Further, even for prevailing wage and living wage violations that may provide grounds for debarment from State contracting, the current threshold for debarment is extremely high: only final judgments after contested cases may trigger debarment. The Task Force heard repeatedly from stakeholders that violating contractors when caught often simply admit the violation and pay, but do not change their operating models and continue to misclassify workers.

Potential Response

Creating more significant penalties for workplace fraud violations can help deter future worker misclassification. This could include establishing workplace fraud violations as grounds for debarment from public contracts, modifying the threshold required for debarment, or suspending or revoking occupational and professional licenses for certain workplace fraud violations.

Debarment: Establishing that Workplace Fraud Act violations are included among the State law violations that may serve as grounds for debarment from State contracts, and ensuring that uncontested violations, and not only judgments following contested cases, may trigger debarment, could help to deter violators, and underscore the State’s commitment to eliminating workplace fraud as a business practice.

License suspension or revocation: Many contractors are required to hold licenses in good standing to be able to conduct business. If a business is found in violation of the Workplace Fraud Act, and fails to pay the fines and fees or fails to come into compliance with the order issued for that violation, or is found to have knowingly violated the Act, occupational and professional licenses issued by the State could be suspended or revoked.

5. Creating a Market that Favors Responsible Business Practices

Challenge

While knowingly misclassifying workers is against the law, there are few incentives for contractors and subcontractors to follow the law, and the risk for detection of workplace fraud remains low.

Potential Response

The State could create procurement preferences or incentives for businesses to affirmatively ensure that they and their subcontractors are complying with the law. This could apply to projects subject to the prevailing wage or living wage laws.³³ Such incentives could support businesses that choose to follow strong “high road” business practices, including best practices for worker safety, wage payment, and accountability for violations. This is modeled on the Small Business Preference Program, which allows certified small businesses to enjoy a price preference over non-certified small businesses competing for the same contract award on designated procurements.

It’s nearly impossible to work as a subcontractor and pay workers legally as employees. Everyone is misclassifying. You can’t survive otherwise. You’ll be underbid.

- Minority Construction Subcontractor



Most laws encourage compliance by penalizing the conduct that violates those laws. Encouraging and rewarding firms with good labor practices creates an affirmative—rather than a punitive—reason for businesses to promote and protect workplace rights. The goal of this policy is to change norms, and to start with State funded projects. This preference would provide a measurable benefit to companies who choose to go above and beyond in their workplace practices. It does so not by excluding businesses with serious violations from competition, but by providing incentives to businesses who choose to create fair workplaces.

6. Expanding the Workplace Fraud Act

Challenge

Workplace fraud likely touches almost every industry and hundreds of thousands of workers in Maryland. As noted above, researchers estimate that between 10% and 30% of employers (or more) misclassify their employees as independent contractors.³⁴ The Workplace Fraud Act is limited in its scope: it only covers the construction and landscaping industries. There is no other law that specifically penalizes businesses for engaging in workplace fraud.

Potential Response

Policymakers could expand the Workplace Fraud Act to other industries with known high rates of workplace fraud. Industries where workplace fraud is known to persist include home health care and assisted living, janitorial services, security companies, temporary placement agencies, nail salons, and transportation, among others. Alternatively, the Workplace Fraud Act could be broadened to generally include all industries, making engaging in workplace fraud illegal for any business. If the Workplace Fraud Act is expanded, Task Force agencies would require additional resources to implement and enforce the expanded law.

CONCLUSION

The prevalence of workplace fraud erodes contracting and labor standards, undermines labor markets, and makes it financially difficult for responsible, law-abiding businesses to compete with businesses engaging in misclassification. The Moore-Miller Administration, in partnership with Comptroller Lierman and Attorney General Brown, will continue to pool, focus, and target investigative resources to prevent and reduce workplace fraud. The Task Force looks forward to building upon the work done over the past year to tackle the complex problem of workplace fraud on multiple fronts and ensure full protection for Maryland's workers, a level playing field for businesses, and appropriate tax payments to the State. This includes deepening collaboration across agencies and partnering closely with businesses and organized labor to create a more equitable, competitive, and prosperous economy that lifts all Marylanders.

APPENDIX

Table 4: UI Audit Findings for All Employers

Year	# of Audits Completed	# Misclassified Workers Found	# of Workers Reported by Employers	% of Misclassified Workers Found	Total Unreported Wages Found	Unreported Taxable Wages
2022	1,790	6,511	56,542	11.52%	\$106,742,005	\$37,519,699
2023	1,937	6,455	43,115	14.97%	\$140,212,566	\$40,965,763
2024*	1,783	5,396	43,569	12.38%	\$115,160,616	\$36,450,799

* In 2024, staff vacancies resulted in fewer Targeted Industry Audits, which are audits that target industries with previously known high rates of misclassification. These audits usually uncover larger numbers of misclassified workers than random audits.

SOURCE: Maryland Department of Labor, Division of Unemployment Insurance

Table 5: UI Audit Findings for Home Health Care Employers

Year	# of Audits Completed	# Misclassified Workers Found	# of Workers Reported by Employers	% of Misclassified Workers Found	Total Unreported Wages Found	Unreported Taxable Wages
2022	32	669	2,621	25.52%	\$11,333,120	\$5,624,921
2023	27	1,062	2,659	39.94%	\$14,645,771	\$6,659,135
2024*	39	736	2,100	35.05%	\$10,555,273	\$4,783,341

* In 2024, staff vacancies resulted in fewer Targeted Industry Audits, which are audits that target industries with previously known high rates of misclassification. These audits usually uncover larger numbers of misclassified workers than random audits.

SOURCE: Maryland Department of Labor, Division of Unemployment Insurance

Table 6: UI Audit Findings for Landscaping Employers

Year	# of Audits Completed	# Misclassified Workers Found	# of Workers Reported by Employers	% of Misclassified Workers Found	Total Unreported Wages Found	Unreported Taxable Wages
2022	108	204	1,481	13.77%	\$1,891,200	\$826,239
2023	102	620	1,907	32.51%	\$9,652,700	\$3,704,112
2024*	64	224	1,140	19.65%	\$2,646,080	\$1,088,221

* In 2024, staff vacancies resulted in fewer Targeted Industry Audits, which are audits that target industries with previously known high rates of misclassification. These audits usually uncover larger numbers of misclassified workers than random audits.

SOURCE: Maryland Department of Labor, Division of Unemployment Insurance

Table 7: UI Audit Findings for Janitorial Employers

Year	# of Audits Completed	# Misclassified Workers Found	# of Workers Reported by Employers	% of Misclassified Workers Found	Total Unreported Wages Found	Unreported Taxable Wages
2022	62	662	1,694	39.08%	\$6,293,761	\$3,421,333
2023	73	391	5,461	7.16%	\$5,454,156	\$2,731,705
2024*	33	169	869	19.45%	\$2,616,215	\$993,152

* In 2024, staff vacancies resulted in fewer Targeted Industry Audits, which are audits that target industries with previously known high rates of misclassification. These audits usually uncover larger numbers of misclassified workers than random audits.

SOURCE: Maryland Department of Labor, Division of Unemployment Insurance

Table 8: UI Audit Findings for Construction Employers

Year	# of Audits Completed	# Misclassified Workers Found	# of Workers Reported by Employers	% of Misclassified Workers Found	Total Unreported Wages Found	Unreported Taxable Wages
2022	690	2,234	12,766	17.50%	\$51,747,286	\$15,521,096
2023	598	2,181	13,418	16.25%	\$47,523,791	\$12,597,688
2024*	417	1,012	6,494	15.58%	\$31,620,477	\$7,534,776

* In 2024, staff vacancies resulted in fewer Targeted Industry Audits, which are audits that target industries with previously known high rates of misclassification. These audits usually uncover larger numbers of misclassified workers than random audits.

SOURCE: Maryland Department of Labor, Division of Unemployment Insurance

Table 9: UI Audit Findings for Security Guards and Patrol Services

Year	# of Audits Completed	# Misclassified Workers Found	# of Workers Reported by Employers	% of Misclassified Workers Found	Total Unreported Wages Found	Unreported Taxable Wages
2022	6	0	271	0.00%	\$4,525	\$4,525
2023	8	35	100	35.00%	\$765,152	\$426,264
2024*	9	159	1,792	8.87%	\$1,170,323	\$524,734

* In 2024, staff vacancies resulted in fewer Targeted Industry Audits, which are audits that target industries with previously known high rates of misclassification. These audits usually uncover larger numbers of misclassified workers than random audits.

SOURCE: Maryland Department of Labor, Division of Unemployment Insurance

Table 10: UI Audit Findings for Employment Placement and Temporary Help Services Employers

Year	# of Audits Completed	# Misclassified Workers Found	# of Workers Reported by Employers	% of Misclassified Workers Found	Total Unreported Wages Found	Unreported Taxable Wages
2022	23	676	3,707	18.24%	\$1,546,587	\$1,284,246
2023	19	17	2,042	0.83%	\$392,584	\$136,824
2024*	21	103	3,997	2.58%	\$4,391,443	\$1,085,828

* In 2024, staff vacancies resulted in fewer Targeted Industry Audits, which are audits that target industries with previously known high rates of misclassification. These audits usually uncover larger numbers of misclassified workers than random audits.

SOURCE: Maryland Department of Labor, Division of Unemployment Insurance

ENDNOTES

- 1 *Independent Contractor Misclassification Imposes Huge Costs on Workers and Federal and State Treasuries*, National Employment Law Project, October 2020, <https://www.nelp.org/app/uploads/2017/12/Independent-Contractor-Misclassification-Imposes-Huge-Costs-Workers-Federal-State-Treasuries-Update-October-2020.pdf>.
- 2 Adewale Maye, Daniel Perez, and Margaret Poydock, *Misclassifying workers as independent contractors is costly for workers and states*, Economic Policy Institute, January 2025, <https://www.epi.org/publication/misclassifying-workers-2025-update/>.
- 3 Executive Order No. 01.01.2024.04, Re-establishing the Joint Enforcement Task Force on Workplace Fraud, Maryland State House, January 2024, https://governor.maryland.gov/Lists/ExecutiveOrders/Attachments/33/EO%2001.01.2024.04%20Reestablishing%20the%20Joint%20Enforcement%20Task%20Force%20on%20Workplace%20Fraud_Accessible_Rev1.pdf.
- 4 Laura Valle-Gutierrez, Russ Ormiston, Dale L. Belman and Jody Calemine, *Up to 2.1 Million U.S. Construction Workers Are Illegally Misclassified or Paid Off the Books*, The Century Foundation, November 2023, <https://tcf.org/content/report/up-to-2-1-million-u-s-construction-workers-are-illegally-misclassified-or-paid-off-the-books/>.
- 5 National Employment Law Project, *Independent Contractor Misclassification*.
- 6 Adewale Maye, et al, *Misclassifying workers as independent contractors*.
- 7 Laura Valle-Gutierrez, *New Estimates: Misclassification in the Maryland Construction Industry*, The Century Foundation, January 2025, <https://production-tcf.imgix.net/app/uploads/2025/01/27111033/Misclassification-in-the-Maryland-Construction-Industry.pdf>.
- 8 Ibid.
- 9 Ibid.
- 10 *Labor Broker*, Law Insider, last accessed December 2024, <https://www.lawinsider.com/dictionary/labor-broker>.
- 11 *Act 85 of 2020, Joint Task Force on Misclassification of Employees, Final Report*, Pennsylvania Department of Labor and Industry, December 2022, <https://www.pa.gov/content/dam/copapwp-pagov/en/dli/documents/individuals/labor-management-relations/lrc/documents/act-85-final-report.pdf>.
- 12 Md. Code Ann., Labor and Employment § 3-901 to § 3-920 (2024).
- 13 Md. Code Ann., Tax-General Code § 10-908 (2024).
- 14 Md. Code Ann., Labor and Employment § 3-105 (2024).
- 15 Md. Code Ann., Labor and Employment Code § 9-202 (2024).
- 16 Md. Code Ann., Labor and Employment § 3-105 (2024).
- 17 Md. Code Ann., Labor and Employment Code § 9-202 (2024).
- 18 Md. Code Ann., Labor and Employment Code § 9-402 (2024).
- 19 Md. Code Ann., Labor and Employment Code § 9-407 (2024).
- 20 Md. Code Ann., Labor and Employment Code § 8-201 (2024).
- 21 Md. Code Ann., Labor and Employment Code § 8-205 (2024).
- 22 Md. Code Ann., Labor and Employment Code § 8-201.1 (2024).
- 23 Md. Code Ann., Tax-General Code § 10-908 (2024).
- 24 COMAR 03.04.01.01.
- 25 Md. Code Ann., Tax-General Code § 13-301 (2024).
- 26 Md. Code Ann., Tax- General Code § § 13-401 & 13-402 (2024).
- 27 Md. Code Ann.Tax- General Code § 13-703 (2024).
- 28 Valle-Gutierrez, et al, *Up to 2.1 Million U.S. Construction Workers*.
- 29 National Employment Law Project, *Independent Contractor Misclassification*.
- 30 The Maryland Healthy Working Families Act requires that employers with 15 or more employees provide paid sick and safe leave for certain employees. It also requires that employers who employ 14 or fewer employees provide unpaid sick and safe leave for certain employees.
- 31 Jurisdictions with similar laws include, New Jersey (NJ Rev Stat § 34:1A-1.18 (2024)) and Washington DC (Code of the District of Columbia § 32-1331.07 (2024).)
- 32 Md. Labor and Employment Code Ann. § 3-507.2 (2024).
- 33 Most contractors and subcontractors who do business with the State are required to pay workers prevailing or living wages. The State's prevailing wage law requires contractors and subcontractors working on certain State funded projects worth \$250,000 or more to pay the applicable prevailing wage rate in the local jurisdiction. See Md. Code Ann., SFP § § 17-201-17-227 (2024). The State's Living Wage law applies to contractors and subcontractors performing work on certain State service contracts over \$100,000 if the business has 10 or more employees, or over \$500,000 if the business has 10 or fewer employees. See Md. Code Ann., SFP § § 18-101-18-109 (2024).
- 34 National Employment Law Project, *Independent Contractor Misclassification*.



PRESENTED TO:

Wes Moore, *Governor*

Aruna Miller, *Lt. Governor*