



**Maryland Chamber of Commerce**

## **Legislative Position**

**HB1070  
OPPOSE  
Economic  
Matters  
Committee  
03/03/09**

**HB 1070**

### **Labor and Employment - Misclassification of Employees as Independent Contractors**

#### **Brief Summary of Bill:**

House Bill 1070 prohibits employers from misclassifying employees as independent contractors under specified circumstances.

#### **Maryland Chamber's Position:**

The Maryland Chamber of Commerce opposes HB 1070 as currently drafted. The Maryland Chamber condemns companies that knowingly misclassify individuals as independent contractors when they clearly work as "employees" of such companies. When companies do this, they do not simply harm the individuals who are misclassified, but their law abiding competitors who pay for the tax contributions and benefit costs associated with employing workers properly. Dealing with the law breakers does not, however, require new laws.

It can be argued that new legislation to address this issue is unnecessary, due to provisions already in statute that gives the Department of Labor, Licensing and Regulation (DLLR) regulatory authority to appropriately address intentional misclassification of employees.

While the Maryland Chamber opposes this legislation as currently drafted, largely based on the premise that new laws to address this issue are unnecessary, it should be noted that IF such legislation is to be enacted to deal with this issue, HB 1070 is much preferred over the alternative proposed legislation, HB 819.

HB 1070 contains provisions that the Chamber supports, such as the rebuttable presumption that misclassification did not occur if the employer enters into a written contract signed by the individual or sole proprietor and employer, expressing that the worker is an independent contractor – not an employee.

We understand that amendments are being offered to address business concerns, as well as a possible work group on the issue. The Maryland Chamber will review the amendments offered, and welcome the opportunity to work with the sponsor and proponents of this legislation to address the concerns of the business community.

**For these reasons, the Maryland Chamber respectfully requests that the Committee give House Bill 1070 an unfavorable report.**

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