

HOUSE BILL 632

K3

5lr1829

By: **Delegates Schindler, J. Lewis, Acevero, Allen, Hill, Palakovich Carr, Shetty, Solomon, Terrasa, and Vogel**

Introduced and read first time: January 23, 2025

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Labor and Employment – Workplace Fraud – Application**
3 **(Maryland Workplace Fraud Act of 2025)**

4 FOR the purpose of applying to all private sector employers, rather than only employers in
5 construction and landscape services industries, provisions of law that prohibit an
6 employer from failing to properly classify an individual who performs work for
7 remuneration paid by the employer; and generally relating to workplace fraud.

8 BY repealing and reenacting, with amendments,
9 Article – Labor and Employment
10 Section 3–507.2(c)(1), 3–901, and 3–1601(d)
11 Annotated Code of Maryland
12 (2016 Replacement Volume and 2024 Supplement)

13 BY repealing
14 Article – Labor and Employment
15 Section 3–902
16 Annotated Code of Maryland
17 (2016 Replacement Volume and 2024 Supplement)

18 BY repealing and reenacting, without amendments,
19 Article – Labor and Employment
20 Section 3–1601(a)
21 Annotated Code of Maryland
22 (2016 Replacement Volume and 2024 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
24 That the Laws of Maryland read as follows:

25 **Article – Labor and Employment**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



3-507.2.

(c) (1) In this subsection, “construction services” [has the meaning stated in § 3-901 of this title] **INCLUDES THE FOLLOWING SERVICES PROVIDED IN CONNECTION WITH REAL PROPERTY:**

(I) BUILDING;

(II) RECONSTRUCTING;

(III) IMPROVING;

(IV) ENLARGING;

(V) PAINTING;

(VI) ALTERING;

(VII) MAINTAINING; AND

(VIII) REPAIRING.

3-901.

(a) In this subtitle the following words have the meanings indicated.

[(b) “Construction services” includes the following services provided in connection with real property:

(1) building;

(2) reconstructing;

(3) improving;

(4) enlarging;

(5) painting;

(6) altering;

(7) maintaining; and

(8) repairing.]

1 ~~[(c)]~~ **(B)** “Employer” means any person that employs an individual in the State.

2 ~~[(d)]~~ **(C)** “Exempt person” means an individual who:

3 (1) performs services in a personal capacity and employs no individuals
4 other than:

5 (i) a spouse of the exempt person;

6 (ii) children of the exempt person; or

7 (iii) parents of the exempt person;

8 (2) performs services free from direction and control over the means and
9 manner of providing the services, subject only to the right of the person or entity for whom
10 services are provided to specify the desired result;

11 (3) furnishes the tools and equipment necessary to provide the service;

12 (4) operates a business that is considered inseparable from the individual
13 for purposes of taxes, profits, and liabilities:

14 (i) in which the individual:

15 1. owns all of the assets and profits of the business; and

16 2. has sole, unlimited, personal liability for all of the debts
17 and liabilities of the business, unless the business is organized as a single-owned corporate
18 entity, to which sole, unlimited personal liability does not apply; and

19 (ii) for which:

20 1. the individual does not pay taxes for the business
21 separately but reports business income and losses on the individual’s personal tax return;
22 and

23 2. if the business is organized as a corporate entity and the
24 individual otherwise qualifies as an exempt person under this subsection, the individual
25 files a separate federal informational tax return for the entity as required by law;

26 (5) exercises complete control over the management and operations of the
27 business; and

28 (6) exercises the right and opportunity on a continuing basis to perform the
29 services of the business for multiple entities at the individual’s sole choice and discretion.

1 **[(e)] (D)** “Knowingly” means having actual knowledge, deliberate ignorance, or
2 reckless disregard for the truth.

3 **[(f)]** “Landscaping services” includes the following services:

- 4 (1) garden maintenance and planting;
- 5 (2) lawn care including fertilizing, mowing, mulching, seeding, and
6 spraying;
- 7 (3) seeding and mowing of highway strips;
- 8 (4) sod laying;
- 9 (5) turf installation, except artificial;
- 10 (6) ornamental bush planting, pruning, bracing, spraying, and removal;
11 and
- 12 (7) ornamental tree planting, pruning, bracing, spraying, and removal.]

13 **[(g)] (E)** (1) “Place of business” means the office or headquarters of the
14 employer.

15 (2) “Place of business” does not include a work site at which the employer
16 has been contracted to perform services.

17 **[(h)] (F)** “Public body” means:

- 18 (1) the State;
- 19 (2) a unit of State government or an instrumentality of the State; or
- 20 (3) any political subdivision, agency, person, or entity that is a party to a
21 contract for which 50% or more of the money used is State money.

22 [3–902.

23 This subtitle applies only to the following industries:

- 24 (1) construction services; and
- 25 (2) landscaping services.]

26 3–1601.

1 (a) In this subtitle the following words have the meanings indicated.

2 (d) (1) “Employer” includes a person who acts directly or indirectly in the
3 interest of another employer with an employee.

4 (2) “Employer” does not include:

5 (i) an employer that provides construction services, as defined in [§
6 3–901] **§ 3–507.2** of this title; or

7 (ii) an airline.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 October 1, 2025.