

March 6, 2009

Budget Reconciliation Act of 2009

Delegate Jeannie Haddaway-Riccio was among four delegates selected to represent the Economic Matters Committee in a joint hearing on the Budget Reconciliation and Financing Act (BRFA) of 2009. The Appropriations bill contains a number of budget reductions that are aimed at resolving this year's structural deficit, but may worsen Maryland's economic situation.

Tourism, the arts and economic development loan programs such as the Maryland Agriculture and Resource-Based Industry Development Corporation (MARBIDCO) fall under the purview of the Economic Matters Committee and are all under consideration for budget cuts. "In these tough economic times, I understand that we have to make budget reductions – I support that," Haddaway said. "However, I think it is short sighted to harm programs that generate revenue for the State and provide us with some of the best return on our investment. We also need to be careful about harming our most vulnerable populations."

Employee Misclassification

This week, Delegate Jeannie Haddaway-Riccio and other members of the House Economic Matters Committee held hearings on three bills related to employee misclassification including House Bill 819, which was introduced by the O'Malley Administration. Over ninety witnesses came to testify on the proposed changes.

House Bill 819 establishes a presumption that anyone paid for work performed is an employee. The legislation specifically targets the construction, landscaping and package-delivery industries which traditionally operate under a contractor-subcontractor relationship. The penalties for improperly misclassifying include payment of restitution and a \$3,000 fine per employee. An employer that *knowingly* misclassifies an employee is subject to a penalty of up to \$5,000 per employee. An individual who assists, advises, or otherwise facilitates an employer to misclassify employees is subject to a civil penalty of up to \$20,000.

Alternatively, **House Bill 649** would bring Maryland law in line with the Federal IRS law which uses a 20 factor test to determine whether a worker is an employee or not. Many Maryland businesses prefer this legislation because currently, they are subject to one set of standards for the State of Maryland and a different set of standards for the federal government.

House Bill 1070 establishes penalties for knowingly and willfully misclassifying an employee as an independent contractor and authorizes the Commissioner of Labor and Industry to investigate suspected violations.

The Committee is expected to consider all three bills over the next few weeks and may work toward a compromise between the three bills.

Haddaway Bills Moving in the House

HB8 – Salvia Divinorum – Controlled Dangerous Substance
Status: Under review by the House Judiciary Committee

HB42 – Property Tax Credit for Habitat for Humanity of Talbot and Dorchester County
Status: On third reader in the House of Delegates this week

HB452 – Charitable Organizations – Audits and Reviews
Status: Passed the House of Delegates unanimously; headed to the Senate

HB798 – Real Property – Recordation and Foreclosure
Status: Hearing scheduled for March 5th in the Environmental Matters Committee

Coming Up Next Week in the Economic Matters Committee

- Unemployment Insurance Increase
- Workers Compensation
- Biomass and Biofuels Incentives
- Smart Grid Electricity Initiative
- Maryland Public Art Initiative
- Environmental Trust Fund

For more information on this and other issues, please feel free to contact Delegate Jeannie Haddaway-Riccio's office by calling (410) 841-3429 or by emailing jeannie.haddaway@house.state.md.us.