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LEGISLATIVE ACTION ALERT



PA House Bill 173

House of Representatives
Session of 2019 - 2020 Regular Session
MEMORANDUM

Posted: January 3, 2019 10:47 AM
From: [Representative Thomas R. Caltagirone](#)
To: All House members
Subject: **Penalties for Misclassification of Workers to Avoid Paying Worker's and Unemployment Compensation**

Misclassification of workers to win a contract is a real problem in the Commonwealth. My bill will amend the Construction Workplace Misclassification Act, 10/13/10, P.L. 506, No. 72, which regulates businesses that intentionally misclassify workers to gain a financial advantage by short changing the worker's or unemployment compensation systems.

For example, a business classifies workers as common laborers for the purpose of securing a contract as the lowest bidder, only to find out such workers are skilled laborers if compensation is later sought. This would mean the business pays a lower amount into the compensation system, when an honest classification of their worker would have required a higher rate of payment, either into the system, or in insurance payments. If these businesses are not paying their fair share the burden falls squarely on the backs of every hard working taxpayer on the Commonwealth. This is a problem we should all be concerned about.

This legislation would amend the act to eliminate the summary offense grading of some illegal acts, and increase the grading of others, such as second offenses. In perhaps the biggest change, any conviction of an illegal act would result in a five year debarment in the ability to do business with the state in any form and through any business entity, which would preclude a convicted defendant from simply forming another corporation to conduct business with the state. Debarment would apply to the individual, not a business.

My bill is a step toward leveling the playing field for all businesses. Please join me in this effort.

Introduced as [HB173](#)