



MEMO

To: Members of the House Labor Relations Committee
From: Gene Barr, Vice President, Government & Public Affairs
Date: April 7, 2008
Subject: Employee Misclassification Prevention Act

On behalf of its 24,000 members and customers, the PA Chamber of Business and Industry would like to state our opposition to HB 2400, which addresses the classification of employees.

The bill seeks to provide “for the proper classification of employees for certain purposes.” While we remain uncertain what problem it is the bill seeks to remedy, HB 2400 sets up a highly punitive system, including potential incarceration, for even unintentional violations.

There are numerous problems with the bill including but not limited to:

- The lack of basic definitions necessary for a proper interpretation of the measure
- Excessive burdens for documentation placed on the employer
- A failure to recognize that the US Internal Revenue Service has established guidelines in place for determining employees and contractors
- Language that seems to imply that even a requirement to adhere to workplace safety guidelines qualifies a contractor as an employee
- The fact that even an unintentional violation of the act would result in “a cessation of all business operations” of the company

The ambiguous language and punitive intent of HB 2400, if enacted, would create a burdensome and anti-business climate in Pennsylvania. We strongly oppose this legislation and, given that it was just introduced last week, would call for a public hearing to fully air the issues. We welcome the opportunity to discuss the concerns of the business community in more detail.