



TO: The Honorable Members of the PA House Labor & Industry Committee
FROM: Alex Halper, VP, Government Affairs
DATE: October 18, 2023
RE: Oppose H.B. 1751 – Criminal penalties on employers

On behalf of the PA Chamber, I urge the Committee to oppose or at least hold off consideration of H.B. 1751, which would amend the Construction Workplace Misclassification Act to add severe penalties on employers. The Committee is scheduled to consider the bill today.

To be clear, the PA Chamber strongly opposes any company that takes advantage of workers by intentionally misclassifying them as independent contractors to avoid costs and protections associated with employment.

In reality, there is significant gray area to this law; and otherwise honest, law-abiding employers sometimes find themselves, to their surprise, out of compliance. These may be small employers or new immigrant-run businesses striving to comply with the range of local, state, and federal laws to which they are subject.

Even experienced employers may knowingly or intentionally classify an individual as an independent contractor based on their good faith interpretation of the circumstances and nature of the engagement, only to find out later that the Department of L&I interprets the circumstances differently. Sometimes an employer will engage an independent contractor who agrees with that status at the commencement of a project but later alleges – often following an injury or termination of the contract – that their status should have been as an employee all along.

H.B. 1751 proposes to add to this complicated and ambiguous law severe penalties against employers, including felony charges, a private right of action, and potentially permanent debarment from public construction work, which, for some Pennsylvania employers, effectively means the end of their company.

We urge the Committee to at least hold off consideration of this bill and allow stakeholders the opportunity to provide input and help lawmakers avoid unintended consequences that could devastate Pennsylvanian employers who are not, in reality, the intended targets of this bill.

Please contact Alex Halper at ahalper@pachamber.org or 717-720-5471 with any questions or to discuss.