

TO: The Honorable Members of the House Labor & Industry Committee

FROM: Alex Halper, Senior Vice President, Government Affairs

DATE: April 8, 2025

RE: **PA Chamber memo: Oppose H.B. 721 – Severe penalties on employers**

The PA Chamber opposes H.B. 721, amending the Construction Workplace Misclassification Act to add severe penalties on employers. The Committee is scheduled to consider the bill this week.

The PA Chamber opposes any company taking advantage of workers by intentionally misclassifying them as independent contractors to avoid costs and protections associated with employment.

However, in reality there is significant gray area to this law; and otherwise honest, law-abiding employers sometimes find themselves out of compliance when they classify an individual as an independent contractor based on their good faith interpretation of the nature of the engagement, only to find out later that the Department of L&I interprets the engagement 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.

House Bill 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 can be catastrophic for a small business.

We urge the Committee to hold off consideration of this legislation and instead work with stakeholders to develop policies that effectively address the intended targets of this bill, while avoiding the unintended consequences that could devastate honest Pennsylvanian employers.

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

[Click here](#) to check the PA Chamber Legislative Scorecard.
