

TO: The Honorable Members of the PA House of Representatives

FROM: Alex Halper, Senior Vice President, Government Affairs

DATE: May 13, 2025

RE: **PA Chamber memo: Oppose H.B. 721 - Severe penalties on construction companies**

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The PA Chamber opposes H.B. 721, amending the Construction Workplace Misclassification Act and adding severe penalties on employers. The House may 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 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 – for example, following termination of the contract – that their status should have been as an employee all along.

H.B. 721 proposes to add to this complicated and ambiguous law severe penalties against employers including felony charges, a private right of action, and debarment from public construction work, which can be catastrophic, especially for a small business.

We urge lawmakers 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 Pennsylvania employers.

Thank you for considering our views on this important matter. Please contact Alex Halper at [ahalper@pachamber.org](mailto:ahalper@pachamber.org) or 717-645-8730 with questions or to discuss.

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

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