



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 716

PRINTERS NO. 2007

PRIME SPONSOR: Galloway

### COST / (SAVINGS)

FUND	FY 2018/19	FY 2019/20
General Fund	\$0	\$0

**SUMMARY:** Amends the Administrative Code to create the Joint Task Force on Misclassification of Employees within the Department of Labor and Industry. This legislation would be effective in 60 days.

**ANALYSIS:** This legislation creates a new Section 2209.4 in the Administrative Code to establish the Joint Task Force on Misclassification of Employees (task force) within the Department of Labor and Industry. The task force will investigate the practice of employee misclassification and develop and implement a plan to reduce employee misclassification in the Commonwealth.

For the purposes of the legislation, "employee misclassification" means the classification of an employee as an independent contractor in violation of any Commonwealth law, including but not limited to:

- The Workers' Compensation Act
- The Unemployment Compensation Law
- The Tax Reform Code
- The Construction Workplace Misclassification Act

The task force will expire 2 years after the effective date.

**Task Force Organization:** The members of the task force will be the following officials:

- Attorney General
- Secretary of Labor and Industry (will serve as task force chair)
- Secretary of Revenue
- Four legislative caucus appointees, who must be individuals with experience in an industry affected by employee misclassification, appointed by:
  - Senate Pro Tempore
  - Senate Minority Leader
  - House Speaker
  - House Minority Leader

The task force must meet to organize within 30 days, and each member who is the head of a Commonwealth agency may designate an employee of their agency to attend meetings in their place.

**Powers and Duties:** The task force will have the following powers and duties related to employee misclassification:

- Examine and evaluate existing enforcement.
- Ensure that enforcement is timely, and that penalties are included in annual reports or posted on agency websites.
- Coordinate a review of existing law and other methods to improve monitoring and enforcement.
- Review current procedures and establish reasonable methods to take and acknowledge complaints.
- Identify barriers to information sharing and recommend statutory changes.
- Develop and implement a continuous campaign to educate employers/employees/general public.
- Collaborate with business/labor/community groups to increase public awareness and make efforts to reduce misclassification.
- Determine the amount of revenue lost annually due to misclassification for:
  - The General Fund
  - The Workmen's Compensation Administration Fund
  - The Unemployment Compensation Trust Fund
- Engage in other activities deemed necessary and appropriate by the task force.

**Miscellaneous Provisions:** The task force will develop a work plan outlining how it will approach its duties, and it will submit a report to the General Assembly before March 1 of the year following the first full year of the task force and prior to the expiration of the task force. A member of the task force who disagrees with a portion of the report will have the opportunity to include a rebuttal statement.

Staff necessary for the task force will be provided by the participating agencies. The task force will consult other Commonwealth agencies, as appropriate, and agencies are required to make reasonable efforts to assist the task force if requested.

An agency is not required to provide a task force member with any information that is not available to the public under the Right-to-Know Law (such as information about specific complaints or investigations).

**FISCAL IMPACT:** This legislation would have no adverse fiscal impact on Commonwealth funds.

**PREPARED BY:** Tim Rodrigo  
House Appropriations Committee (R)

**DATE:** June 17, 2019

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*