
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2324 Session of
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INTRODUCED BY LEWIS DELROSSO, DAVANZO, PENNYCUICK, ARMANINI,
COOK, MIZGORSKI AND OBERLANDER, FEBRUARY 4, 2022

REFERRED TO COMMITTEE ON LABOR AND INDUSTRY, FEBRUARY 4, 2022

AN ACT

1 Providing for verification of construction contractors and for
2 procedures for verification; establishing the Construction
3 Contractor Verification Account; making an appropriation; and
4 imposing penalties.

5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Contractor
9 Verification Act.

10 Section 2. Definitions.

11 The following words and phrases when used in this act shall
12 have the meanings given to them in this section unless the
13 context clearly indicates otherwise:

14 "Account." The Construction Contractor Verification Account
15 established under section 5(b).

16 "Construction contractor." As follows:

17 (1) A person who, in any capacity for compensation,
18 other than as an employee of another person, engages in the
19 erection, reconstruction, demolition, alteration,

1 modification, custom fabrication, building, assembling, site
2 preparation and repair or maintenance work on real property
3 or premises under a contract, including work for a public
4 body or work paid for from public funds. The term includes
5 any of the following:

6 (i) A person who performs any work in connection
7 with a construction project, including the erection of
8 scaffolding.

9 (ii) A subcontractor of any tier.

10 (iii) A staffing agency that supplies workers under
11 contract.

12 (iv) A construction or project manager.

13 (2) The term does not include any of the following:

14 (i) A supplier or seller of goods, materials or
15 equipment who does not arrange or perform work or labor
16 in connection with the products.

17 (ii) An installer of finished goods, materials or
18 equipment that is not fabricated into or a fixed part of
19 the structure.

20 (iii) An individual who performs or solicits work on
21 a property that the individual owns or leases or an
22 individual who performs work as a bone fide employee of
23 the property owner or occupant.

24 (iv) An architect, engineer, geologist, land
25 surveyor, real estate agent or real estate appraiser who
26 holds a professional license or certification from an
27 oversight board or commission within the Department of
28 State of the Commonwealth and does not perform work as a
29 construction contractor.

30 "Department." The Department of Labor and Industry of the

1 Commonwealth.

2 "Person." An individual, firm, sole proprietorship,
3 partnership, corporation, association or other entity.

4 Section 3. Verification of construction contractors.

5 (a) Prohibition.--A person may not hold oneself out or
6 engage in any act as a construction contractor without
7 satisfying the verification requirements under this act.

8 (b) Home improvement contractors.--Nothing in this act shall
9 be construed to affect the requirements specified under the act
10 of October 17, 2008 (P.L.1645, No.132), known as the Home
11 Improvement Consumer Protection Act. A construction contractor
12 who only engages in the business of home improvement as defined
13 in section 2 of the Home Improvement Consumer Protection Act,
14 and who has registered in accordance with the Home Improvement
15 Consumer Protection Act, shall be deemed to satisfy the
16 verification requirements under this act.

17 (c) Proof of verification.--A construction contractor shall
18 include the construction contractor's verification number issued
19 by the department in all advertisements distributed within this
20 Commonwealth and on all contracts, estimates and related
21 documents created after the effective date of this section.

22 (d) Verification system.--The department shall develop and
23 maintain a list of completed verifications under this act on the
24 department's publicly accessible Internet website, which shall
25 include each construction contractor's legal business name, any
26 assumed business name, business address, verification number and
27 verification expiration date.

28 Section 4. Procedures for verification.

29 (a) Application.--

30 (1) A construction contractor shall apply, in writing or

1 electronically, for verification to the department in a
2 manner and on a form prescribed by the department. The
3 application shall include all the following information:

4 (i) For any individual, sole proprietor, primary
5 owner or officer of a business entity, all of the
6 following information:

7 (A) The applicant's full legal name and title at
8 the applicant's business.

9 (B) The applicant's business address and
10 telephone number.

11 (C) The applicant's Federal identification
12 number or Federal tax identification number used for
13 business purposes.

14 (D) All prior business names and addresses of
15 the applicant.

16 (ii) The legal business name, an assumed business
17 name, designated business address, physical address,
18 telephone number and email address of the applicant.

19 (iii) For an out-of-State business entity, the name
20 and address of the applicant's resident agent or office
21 within this Commonwealth and any identification number
22 issued to the applicant by the applicant's state or
23 political subdivision where the applicant has a principal
24 place of business through other registration, licensing
25 or verification systems, if applicable.

26 (iv) For any individual, sole proprietor, primary
27 owner or officer of a business entity, the name of all
28 other persons with an ownership interest in the applicant
29 who are not identified under subparagraph (i). This
30 subparagraph shall not apply to shareholders with less

1 than a 5% ownership interest in a publicly traded
2 corporation.

3 (v) A description of the nature of the business of
4 the applicant.

5 (vi) Documentation of compliance with the act of
6 June 2, 1915 (P.L.736, No.338), known as the Workers'
7 Compensation Act, and the act of December 5, 1936 (2nd
8 Sp.Sess., 1937 P.L.2897, No.1), known as the Unemployment
9 Compensation Law.

10 (vii) Documentation of enrollment in the E-Verify
11 program as required to be used for new hires under the
12 act of October 7, 2019 (P.L.454, No.75), known as the
13 Construction Industry Employee Verification Act.

14 (viii) Proof of financial responsibility, which may
15 include liability insurance or bonding, or self-
16 insurance.

17 (ix) The fee specified under section 5(a).

18 (x) A signed statement by the applicant that the
19 information in the application is true and accurate and
20 any individual signing the application is an authorized
21 agent of the applicant.

22 (b) Expiration and renewal.--The verification shall be
23 completed on a fixed, biennial basis on a date determined by the
24 department. The department shall accept an application for a
25 verification renewal before the expiration of an active
26 verification in a time frame specified by the department.

27 (c) Certification of compliance.--After a construction
28 contractor completes an application for verification or
29 verification renewal under this section and pays the fee
30 specified under section 5(a), the department shall issue a

1 certificate of compliance to the construction contractor that
2 includes a verification number.

3 (d) Reporting changes.--A construction contractor shall
4 update its verification within 30 days of any change in personal
5 or business information required to be provided to the
6 department under this section.

7 Section 5. Fees and account.

8 (a) Fees.--An applicant for verification or verification
9 renewal under section 4 shall pay an application fee of not more
10 than \$300 to the department. Fees shall be deposited into the
11 account established in subsection (b).

12 (b) Construction Contractor Verification Account.--

13 (1) The Construction Contractor Verification Account is
14 established as a restricted revenue, interest-bearing account
15 in the General Fund.

16 (2) The department shall deposit fees and penalties
17 collected under subsection (a) and section 8 into the
18 account.

19 (3) Money in the account and interest earned on the
20 money are appropriated on a continuing basis to the
21 department for administering and enforcing the provisions of
22 this act and the act of October 7, 2019 (P.L.454, No.75),
23 known as the Construction Industry Employee Verification Act.

24 Section 6. Prohibited acts.

25 On and after the effective date of this section, a person who
26 holds oneself out or engages in any act as a construction
27 contractor may not:

28 (1) fail to complete the verification as a construction
29 contractor as required under this act;

30 (2) fail to display or identify its verification number

1 as required by section 3(c);

2 (3) knowingly make a false statement in the application
3 for construction contractor verification;

4 (4) knowingly contract with or perform work as a
5 construction contractor for another person without first
6 completing the verification required under this act or after
7 the construction contractor's verification has expired or has
8 been suspended; or

9 (5) knowingly contract with or pay another person for
10 work as a construction contractor if the person has not
11 completed the verification required under this act or the
12 person's verification has expired or has been suspended.

13 Section 7. Enforcement.

14 The department may enforce this act and investigate alleged
15 violations of this act. In enforcing this act and investigating
16 alleged violations of this act, the department may take any of
17 the following actions:

18 (1) Enter and inspect the place of business or a
19 worksite of a construction contractor at any reasonable time
20 for the purposes of examining and inspecting records of the
21 construction contractor that relate to compliance with this
22 act.

23 (2) Subpoena witnesses, administer oaths, examine
24 witnesses and take testimony or compel the production of
25 documents for the purpose of ascertaining a construction
26 contractor's compliance with this act.

27 (3) Petition the Commonwealth Court to enforce any
28 subpoena or order issued by the department under this act.

29 Section 8. Penalties.

30 (a) Imposition.--

1 (1) A person who violates section 6(1) or (2) shall be
2 subject to the following:

3 (i) For a first violation, the department shall
4 issue a warning letter to the person detailing the
5 omission and provide 30 days to correct the violation.

6 (ii) For a second or subsequent violation, the
7 department shall bring an action in a court of competent
8 jurisdiction to assess a fine of up to \$2,000 per day.

9 (2) For a violation of section 6(3), (4) or (5), the
10 department shall bring an action in a court of competent
11 jurisdiction to assess a fine of up to \$10,000 per violation.

12 (b) Suspensions of verifications.--The department may bring
13 an action in a court of competent jurisdiction to suspend a
14 construction contractor's verification. If a construction
15 contractor's verification is suspended by a court order for an
16 action brought under this act or an order under the act of
17 October 7, 2019 (P.L.454, No.75), known as the Construction
18 Industry Employee Verification Act, the suspension shall take
19 effect by operation of law on the date that the court's order is
20 entered, unless the suspension is stayed by subsequent court
21 order, pending appeal. The department shall provide notice of a
22 court order affecting the validity of a contractor's
23 verification to the department and the department shall update
24 the verification system consistent with the court order no later
25 than 30 days from the date of receipt of the notice.

26 (c) Other relief.--In addition to the penalties specified
27 under this section, the department may seek other relief,
28 including injunctive relief, restitution and costs.

29 Section 9. Protection from retaliation.

30 (a) Retaliation prohibited.--A construction contractor

1 may not discharge, threaten or otherwise retaliate or
2 discriminate against an employee regarding compensation or other
3 terms or conditions of employment because the employee
4 participates in an investigation, hearing or inquiry by the
5 department or reports an alleged violation of this act to the
6 department.

7 (b) Actions.--An employee who suffers retaliation or
8 discrimination under subsection (a) may bring an action in a
9 court of common pleas in accordance with the Pennsylvania Rules
10 of Civil Procedure. The action must be brought within three
11 years from the date the employee knew of the retaliation or
12 discrimination.

13 (c) Relief.--If an employee prevails in an action commenced
14 under subsection (b), the employee shall be entitled to the
15 following relief:

16 (1) Reinstatement of the employee, if applicable.

17 (2) Restitution equal to three times the amount of the
18 employee's wages and fringe benefits calculated from the date
19 of the retaliation or discrimination.

20 (3) Reasonable attorney fees and costs of the action.

21 (4) Any other legal and equitable relief as the court
22 deems appropriate.

23 Section 10. Construction.

24 Nothing in this act shall be construed to alleviate,
25 substitute or otherwise impact licensing or certification
26 standards or requirements for individuals or businesses that may
27 be required under any other Federal or State law or regulation
28 or local ordinance.

29 Section 11. Appropriation.

30 The sum of \$2,500,000 is appropriated to the department for

1 start-up costs associated with the implementation of this act.
2 The amount shall be incrementally repaid to the General Fund
3 after the implementation of fees established under section 5(a).
4 Section 12. Effective date.
5 This act shall take effect in 180 days.