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**Raised Bill 1039: An Act Concerning General Contractor Liability
for Wages and Workers' Compensation**

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Public Hearing, Committee on Labor and Public Employees

CCIA Position: Opposed

Connecticut Construction Industries Association, Inc. (CCIA) is an organization of associations, where various sectors of the commercial construction industry work together to advance and promote their shared interests. CCIA is comprised of more than 300 members, including contractors, subcontractors, suppliers and affiliated organizations representing many sectors of the construction industry.

AGC of Connecticut is the building division of CCIA, representing 150 commercial, industrial, and institutional construction contractors, subcontractors, material suppliers and professionals serving the Connecticut construction industry. AGC of Connecticut is a chapter of AGC of America.

This bill would make general contractors and every subcontractor on a construction project liable for a single subcontractor's failure to pay wages or workers' compensation benefits.

CCIA and AGC oppose this bill for the following reasons.

- The bill greatly expands the Principle Employer Doctrine under the Connecticut's Workers' Compensation Statute (Sec. 31-291). If this bill becomes law, not only will the principal employer and the subcontractor for whom the employee was working be the only parties liable for the employee's workers compensation claim. Under this bill, "any subcontractor" on the project will be "jointly liable" for that single claim. Such a broad expansion of the principle employer doctrine would expose other subcontractors on the project to risks they could not possibly control and frankly have nothing to do with. It would also potentially result in higher premiums for every contractor and subcontractor who would be exposed to the claim. This will, in turn, artificially increase the good contractors' and subcontractors' Experience Modification Ratings (EMR) which could impact their ability to qualify for future work when they have done absolutely nothing wrong.

Additionally, these claims would place an additional burden on the Connecticut Workers' Compensation Commission, when the Commission has to deal with every party on the construction project, instead of only the Principal Employer.

- The bill makes general contractors liable for subcontractors' failure to pay wages on both public and private construction work. Wages on public work for trades people and the contractors' exposure are pre-set by federal Davis-Bacon wage determinations, and therefore, a contractors' liability to pay those wages is a known quantity. General contractors are not liable for a subcontractor's failure to pay wages for workers that are not classified under the Davis-Bacon rules for obvious reasons. For example: there is often no way to determine the compensation package in dispute.



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Likewise, there are no set classifications and pay rates for trade-workers on private work. Therefore it would be impossible for the general contractor and all of the affected subcontractors to validate the compensation package between alleged unpaid employees and alleged non-paying subcontractors.

Subjecting general contractors and all of the other subcontractors on a construction project to Workers' Compensation Claims and wage disputes between a single subcontractor and an employee makes absolutely no sense. It creates a risk to every company on the project that cannot be identified, measured, controlled, or managed.

For these reasons and more, CCIA and AGC strongly urge this committee not to act on this bill. Thank you for your consideration. If you have any questions, please contact Don Shubert or John Butts at 860-529-6855.