

Labor and Public Employees Committee JOINT FAVORABLE REPORT

Bill No.: HB-6927

AN ACT ESTABLISHING A TASK FORCE TO STUDY DEBARMENT AND

Title: LIMITATIONS ON THE AWARDING OF STATE CONTRACTS.

Vote Date: 3/21/2019

Vote Action: Joint Favorable

PH Date: 2/21/2019

File No.:

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SPONSORS OF BILL:

Labor and Public Employees Committee.

REASONS FOR BILL:

Contractors who are debarred for wage theft in other states are still able to operate in CT. This bill establishes reciprocity.

RESPONSE FROM ADMINISTRATION/AGENCY:

None submitted.

NATURE AND SOURCES OF SUPPORT:

AFSCME Council 31: This bill would give the Department of Labor a tool to combat wage theft. By adding contractors that have been barred from bidding on public projects in other states, it removes these bad companies from the state's bidding pool and provides incentive for remaining contractors to operate lawfully.

Stephen Anderson, President, CSEA SEIU Local 2001: They submitted testimony supporting the establishment of reciprocity, but said this should not be limited to wage theft. It should include companies who have committed fraud or any type of financial malfeasance.

Keith R. Brothers, Business Manager/Secretary Treasurer, CT Laborers' District Council and President, New London/Norwich Building and Trades Council: From small reporting errors to the submitting fraudulent certified payroll records, some companies break

the law and the question is always whether the violation was an oversight or something chronic. A contractor suspended in other states should not be awarded government contracts in CT. This does not prevent companies from bidding on private work and the disbarment is not necessarily permanent although it can last up to 3 years. It is not anti-business or anti-competitive. It does ensure workers are paid for the work they perform in good faith.

Nate Brown, Political Director, Operating Engineers Local 478: Contractors can now move from state to state with impunity, leaving unfinished projects, wage violations and shoddy workmanship behind. They can bid in CT with no fear of being held responsible for transgressions in other states, knowing if they are caught, they will only have to pay a fine. The loss of the public works market sector is a much higher penalty for a contractor who depends on access to work to survive.

Kim Glassman, Director, Foundation for Fair Contracting of CT: They have encountered numerous companies who have creatively violated wage statutes in varying degrees of willfulness, some through oversight and others nefariously. Some gave 'kickbacks' which is a federal wage violation. Some submitted wage records saying an employee worked 30 hours a week when they actually worked 50. Some said they were paying fringe benefits into funds, like a 401k or health insurance, but were not and the worker was just getting base wages. Even when discovered, it is difficult to remove them from the bidding pool.

David Hunt, President, CIEA (CT Ironworkers Employment Association): Contractors rely on experience, skill and innovation to win work in fair competition. When a disbarred contractor from another state enters, we should not assume they will play fairly here and be awarded public works projects. Disbarment is the penalty for the offense committed and CT should not assist or ease this penalty.

Cameron Champlin, Plumbers and Pipefitters Local Union 777: When a contractor misclassifies wages and benefits/insurance premiums in order to pay less to employees, the state is also cheated out of taxes associated with the work. These contractors have a distinct advantage over honest contractors. The honest contractors, their employees, the insurance companies and the state of CT are all at risk of being cheated when these contractors are allowed to work in our state.

Daniel McInerney, International Brotherhood of Electrical Workers and CT Chapter, National Electrical Contractors Association: Although CT has done a great deal to hold those found guilty of payroll and other violations accountable, more should be done. If a contractor has been debarred in another state, they should also be debarred in CT. This will protect workers on any public works or state highway project that falls under the provisions of wage theft by an out of state contractor who has been debarred.

Don Scoopo, Business Manager, Heat and Frost Insulators, Local 33: There are many ways dishonest contractors are able to evade the laws and cheat employees. The question is why CT continues to allow them to be rewarded by securing contracts on public projects funded by tax payers? We are inviting these employers to move in and continue the same practices that got them disbarred. With state resources already stretched thin, it makes sense to utilize the work already done in other states to identify and disbar these dishonest employers.

Donald Shubert, Connecticut Construction Industries Association, Inc.: In accordance with state wage and workplace rules and regulations, it is essential that all contractors participate on an equal playing field. They suggest the language clearly defines the term 'wage theft' and adds provisions to protect against the unintended consequence of reputable contractors being inadvertently excluded from public contracting by developing an adequate hearing process to protect due process, and considering mitigating factors or remedial measures to address errors, unintentional violations or wrongdoing by rogue employees or subcontractors.

Michael Thompson, Executive Director, ASMRCC (Associated Sheet Metal & Roofing Contractors of CT): Disbarred contractors from other states should be recognized in CT. Authorities, citizens, contractors, and employees should all be equipped with this information to promote transparency. Disbarment is a serious penalty and only occurs after significant violations and due process. Reciprocal debarment would promote compliance and protect construction workers, contractors and taxpayers.

Bret Wells, Business Agent, Ironworkers Local Union 15: He submitted a large list of attachments with the debarment lists from New York, New Jersey, Pennsylvania, Rhode Island and Massachusetts. They confidently state there are companies debarred in these states that are or have recently worked on public contracts in CT. In the past 4 years, CT's debarment list has remained unchanged. This proposal would update reciprocity language. Contractors should not be able to cross into CT and be rewarded state/government contracts. We need to take bold steps to address this long-standing problem plaguing both our enforcement and procurement authorities.

Kim Wojtas, Mechanical Contractors Association of CT: Competitive bidding is a good way to get the most "bang for the buck" for state and municipal taxpayers. However, it also opens doors to activities that often allow clever cheaters to enter our state and ignore laws which give them a competitive advantage. This bill is a way to stop the violations of laws covering wage and hours, prevailing wage, licensing/ registration, tax and many other statutes legitimate contractors must follow in order to work in the state.

NATURE AND SOURCES OF OPPOSITION:

None submitted.

Reported by: Marie Knudsen

Date: April 2, 2019