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JOINT ENFORCEMENT TASK FORCE ON PAYROLL FRAUD AND WORKER
MISCLASSIFICATION
(UPSTREAM LIABILITY)

UPSTREAM LIABILITY IN THE CONSTRUCTION INDUSTRY



The
Problem



Examples



Safety



State Laws



Education



Solutions

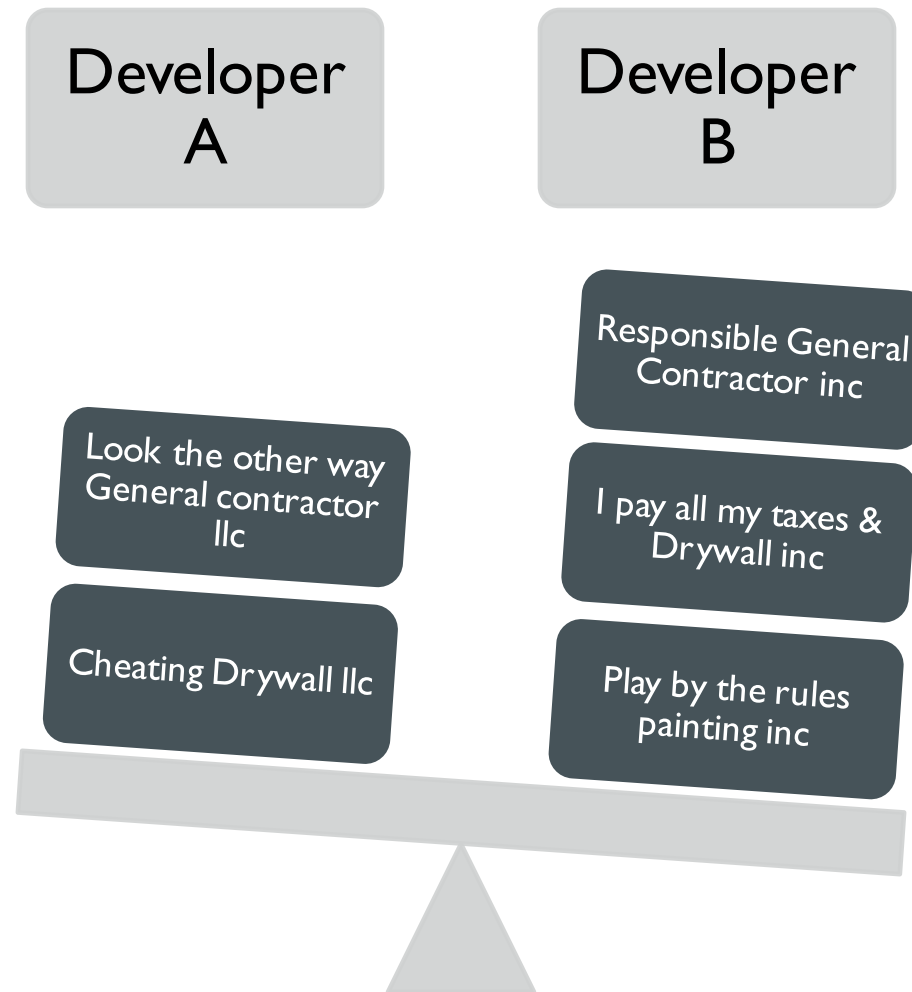
DEVELOPERS AND CONTRACTORS

- <https://kstp.com/news/labor-trafficking-suspect-spotted-on-developer-job-site-weeks-before-trial-batres-reuter-walton/5498878/>
- <https://philadelphia.cbslocal.com/2021/01/12/delaware-county-prosecutors-going-after-business-accused-of-cheating-employees-out-of-protections-benefits/>

WHAT ARE THEY SAYING?

- “I can’t afford to give these guys health insurance”
- “I don’t have time to make sure everyone on my jobsite is an employee”
- “If I have to fill out more paperwork, I’ll be out of business”
- “Where can I find out where these contractors cheat”
- “ I don’t care, as long as the work gets done”
- “ These guys are cheap. We don’t want to use them, but we have to make money”

WHY THIS IS HAPPENING?



CALIFORNIA LAW

- **218.7.**
- (a) (1) For contracts entered into on or after January 1, 2018, a direct contractor making or taking a contract in the state for the erection, construction, alteration, or repair of a building, structure, or other private work, shall assume, and is liable for, any debt owed to a wage claimant or third party on the wage claimant's behalf, incurred by a subcontractor at any tier acting under, by, or for the direct contractor for the wage claimant's performance of labor included in the subject of the contract between the direct contractor and the owner.

WHAT HAVE OTHER STATES BEEN DOING?

- <https://www.dli.pa.gov/Individuals/Labor-Management-Relations/llc/act72/Documents/2019%20Act%2072%20Report-final.pdf>
- https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB1701

EDUCATION

- <https://www.dli.pa.gov/Individuals/Labor-Management-Relations/llc/act72>
- https://www.dli.pa.gov/Individuals/Labor-Management-Relations/llc/act72/Documents/LLC-7I_spanish.pdf

ARE WE GOING TO LET THE CHEATERS WIN IN WISCONSIN?



QUESTIONS???

