



Pennsylvania Conference of Teamsters

Strength in Numbers 95,000

LEGISLATIVE ACTION ALERT

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PA Senate Bill 1124 Labor Broker Registration

An Act providing for the registration of labor brokers; imposing duties on the Department of Labor and Industry and the Secretary of Labor and Industry; establishing the Labor Broker Registration Account; and imposing penalties.

The Joint Task Force on Misclassification of Employees issued a report that estimated:

- **48,939 employers** in Pennsylvania currently misclassify at least one employee annually;
- **259,000 Pennsylvania workers** are misclassified annually;
- **\$91 million in annual lost revenue** to the UC Trust Fund due to misclassification;
- **Between \$6.4 and \$124.5 million in lost revenue** in 2019 to the General Fund due to misclassification;
- **\$383 thousand in estimated losses** to the Uninsured Employer Guaranty Fund (UEGF) due to misclassification in 2021;
- **10,892 misclassified employees** who suffered injury or illness at work and were denied Workers' Compensation in 2021;
- **\$153 million in estimated losses** to misclassified employees who suffered injury or illness at work in 2021 without workers' compensation insurance.

These numbers are staggering and the issue of misclassified workers is serious and dangerous. The Joint Task Force on Misclassification of Employees issued 15 unanimous recommendations to stop worker misclassification. As we can see above, worker misclassification robs workers of wages, benefits including unemployment compensation and workers compensation, and leads to uncompensated workplace injuries.

A bill has been introduced to implement one of the unanimous recommendations adopted by the task force. Our legislation will require construction labor brokers to register with the PA Department of Labor and Industry. Labor brokers who fail to register with the department will be penalized. Generally, labor brokers hire employees and then sell the services of those employees to another employer who needs temporary employees. These labor brokers operate in many industries but are most prominent in the construction industry.

Some labor brokers in the construction industry pay workers in cash, which leaves no record of the wages that are paid nor the taxes that are deducted, if any. The Joint Task Force report also points out that bad actors in the labor broker industry will engage in insurance fraud schemes, tax avoidance plans, wage theft, and using a workers immigration status as leverage to cheat the worker from fair wages, benefits, and to force them to work in unsafe conditions. All of this is dangerous, bad, and must be stopped. This bill is a companion bill to State Rep. Jeanne McNeil's HB 1748.