

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 602 Session of
2025

INTRODUCED BY KANE, TARTAGLIONE, SAVAL, SANTARSIERO, STREET,
HUGHES, KEARNEY, HAYWOOD, FONTANA, COSTA AND SCHWANK,
APRIL 9, 2025

REFERRED TO LABOR AND INDUSTRY, APRIL 9, 2025

AN ACT

1 Providing for the registration of labor brokers; imposing duties
2 on the Department of Labor and Industry and the Secretary of
3 Labor and Industry; establishing the Labor Broker
4 Registration Account; and imposing penalties.

5 TABLE OF CONTENTS

- 6 Section 1. Short title.
7 Section 2. Definitions.
8 Section 3. Prohibition.
9 Section 4. Proof of registration.
10 Section 5. Verification system.
11 Section 6. Registration.
12 Section 7. Expiration and renewal.
13 Section 8. Certification of compliance.
14 Section 9. Reporting changes.
15 Section 10. Fees.
16 Section 11. Labor Broker Registration Account.
17 Section 12. Prohibited acts.
18 Section 13. Investigations.

1 Section 14. Penalties.
2 Section 15. Suspension of registration.
3 Section 16. Other relief.
4 Section 17. Regulations.
5 Section 18. Effective date.

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

8 Section 1. Short title.

9 This act shall be known and may be cited as the Labor Broker
10 Registration Act.

11 Section 2. Definitions.

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

15 "Account." The Labor Broker Registration Account established
16 under section 11.

17 "Construction." Erection, reconstruction, demolition,
18 alteration, modification, custom fabrication, building,
19 assembling, site preparation and repair work done on any real
20 property or premises under contract, whether or not the work is
21 for a public body and paid for from public funds.

22 "Debar." As follows:

23 (1) Action taken by the secretary to prohibit a
24 contractor, subcontractor or person from contracting with or
25 participating in contracts for public work for a period of at
26 least three years.

27 (2) The debarment shall include all divisions or other
28 organizational elements of a contractor or subcontractor
29 unless limited by its terms to specific divisions or
30 organizational elements.

1 (3) The debarment may apply to affiliates or other
2 persons or entities associated with the contractor,
3 subcontractor or individual if they are specifically named
4 and given written notice of the debarment and an opportunity
5 to appeal.

6 (4) The debarment shall apply to a successor entity. An
7 entity shall be a successor entity if it:

8 (i) has one or more of the same principals or
9 officers as the employer against whom the order was
10 issued;

11 (ii) performs similar work within the same
12 geographical area;

13 (iii) occupies the same premises;

14 (iv) shares the same telephone number or facsimile
15 number;

16 (v) has the same email address or Internet website;

17 (vi) employs substantially the same workforce or
18 administrative employees, or both;

19 (vii) utilizes the same tools, equipment or
20 facilities;

21 (viii) employs or engages the services of any person
22 or persons involved in the direction or control of the
23 other; or

24 (ix) lists substantially the same work experience.

25 "Department." The Department of Labor and Industry of the
26 Commonwealth.

27 "Employee." As follows:

28 (1) An individual performing a service or labor for an
29 employer for wages, remuneration or other compensation.

30 (2) The term includes:

1 (i) In relation to workers' compensation, as the
2 term "employee" is defined in section 104 of the Workers'
3 Compensation Act.

4 (ii) In relation to unemployment compensation, as
5 the term "employee" is defined in section 4(i) of the
6 Unemployment Compensation Law.

7 "Employer." As follows:

8 (1) A person, including an agent of the person, that
9 engages the services of an employee for wages, remuneration
10 or other compensation.

11 (2) The term includes:

12 (i) In relation to workers' compensation, as the
13 term "employer" is defined in section 103 of the Workers'
14 Compensation Act.

15 (ii) In relation to unemployment compensation, as
16 the term "employer" is defined in section 4(j) of the
17 Unemployment Compensation Law.

18 "Labor broker." As follows:

19 (1) An entity or individual that supplies construction
20 workers to an employer for the performance of construction
21 work or for a construction project of the employer on a site
22 in this Commonwealth in exchange for compensation from the
23 employer, provided that the completion of the project is
24 directed by the employer and not the entity or individual.

25 (2) The term does not include a construction
26 subcontractor that is responsible for and carries out all of
27 the following:

28 (i) Performing construction work on a project in
29 accordance with a written contract for a defined scope of
30 construction work at a fixed price.

1 (ii) Obtaining necessary licenses or permits to
2 perform construction services under the entity's or
3 individual's name.

4 (iii) Exclusively controlling the work of any
5 subcontractor, including the authority to hire and fire
6 and to direct the methods and means of construction work
7 performed on the construction project.

8 (iv) Paying wages and fringe benefits to workers
9 through any subcontractor and not through any other
10 entity or individual and maintaining required employment
11 and payroll records by the subcontractor.

12 (v) Purchasing the majority of materials, supplies
13 and tools for construction work performed by the
14 subcontractor on the construction project.

15 (vi) Maintaining workers' compensation and
16 unemployment insurance coverage for periods preceding,
17 during and succeeding the terms of the construction
18 project for the type and scope of construction performed
19 by the subcontractor on the construction project.

20 "Person." An individual, firm, sole proprietorship,
21 partnership, corporation, association or other entity.

22 "Public body." Any of the following:

23 (1) The Commonwealth.

24 (2) A political subdivision, including a county, city,
25 borough, incorporated town, township or municipal authority,
26 of this Commonwealth.

27 (3) An authority created by the General Assembly.

28 (4) An instrumentality or agency of the Commonwealth.

29 (5) A school district of this Commonwealth.

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

1 Commonwealth or the authorized representative of the Secretary
2 of Labor and Industry.

3 "Unemployment Compensation Law." The act of December 5, 1936
4 (2nd Sp.Sess., 1937 P.L.2897, No.1), known as the Unemployment
5 Compensation Law.

6 "Workers' Compensation Act." The act of June 2, 1915
7 (P.L.736, No.338), known as the Workers' Compensation Act.

8 Section 3. Prohibition.

9 A person may not hold oneself out or engage in any act as a
10 labor broker without satisfying the registration requirements
11 under this act.

12 Section 4. Proof of registration.

13 A labor broker shall include the labor broker's registration
14 number issued by the department in all advertisements
15 distributed within this Commonwealth and on all contracts,
16 estimates and related documents created after the effective date
17 of this section.

18 Section 5. Verification system.

19 The department shall develop and maintain a list of completed
20 registrations under this act on the department's publicly
21 accessible Internet website, which shall include each labor
22 broker's legal business name, any assumed business name,
23 business address, verification number and verification
24 expiration date.

25 Section 6. Registration.

26 (a) Application.--A labor broker shall apply, in writing or
27 electronically, for registration in a manner and on a form
28 prescribed by the department.

29 (b) Contents.--The registration form shall include the
30 following information:

1 (1) For any individual, sole proprietor, primary owner
2 or officer of a business entity, all of the following
3 information:

4 (i) The applicant's full legal name and title at the
5 applicant's business.

6 (ii) The applicant's business address and telephone
7 number.

8 (iii) The applicant's Federal identification number
9 or Federal tax identification number used for business
10 purposes.

11 (iv) All prior business names and addresses of the
12 applicant.

13 (v) A statement whether:

14 (A) the applicant, even in doing so as part of a
15 business entity application, has ever been convicted
16 of, or pleaded guilty or no contest to, a criminal
17 offense related to fraud, theft, a crime of
18 deception, a crime involving fraudulent business
19 practices or employee misclassification;

20 (B) the applicant, even if doing so as part of a
21 business entity application, has ever been found to
22 have misclassified employees as independent
23 contractors by the department, any other state or
24 political subdivision or the United States Department
25 of Labor; and

26 (C) the applicant's certification or a similar
27 certificate or license issued by any other state or
28 political subdivision has ever been revoked or
29 suspended pursuant to an order issued by a court of
30 competent jurisdiction and, if so, the current status

1 of the certification or similar certificate or
2 license. The statement required by this clause shall
3 include the same information with respect to any
4 other business in which the applicant has or has ever
5 had an interest.

6 (2) The legal business name, any assumed business name,
7 designated business address, physical address, telephone
8 number and email address of the applicant.

9 (3) For an out-of-State business entity, the legal
10 business name, any assumed business name, designated business
11 address, physical address, telephone number and email address
12 of the applicant and any identification number issued to the
13 applicant by the applicant's state or political subdivision
14 through registration, licensing or verification systems, if
15 applicable.

16 (4) For any individual, sole proprietor, primary owner
17 or officer, including a chief executive officer, chief
18 financial officer, chief operating officer or an equivalent
19 officer, of a business entity, the name of all other persons
20 with an ownership interest in the applicant that are not
21 identified under paragraph (1). This paragraph does not apply
22 to shareholders with less than a 5% ownership interest in a
23 publicly traded corporation.

24 (5) A description of the nature of the business of the
25 applicant.

26 (6) Whether the applicant has been suspended or debarred
27 within the last 10 years.

28 (7) Proof of financial responsibility, which may include
29 liability insurance or bonding, or self-insurance.

30 (8) The fee specified under section 10.

(9) A signed statement by the applicant that the information in the application is true and accurate and any individual signing the application is an authorized agent of the applicant subject to the penalties under 18 Pa.C.S.

§ 4904 (relating to unsworn falsification to authorities).

Section 7. Expiration and renewal.

(a) Dates.--The registration shall be completed on a fixed, biennial basis on a date determined by the department.

(b) Acceptance.--The department shall accept an application for a registration renewal before the expiration of an active registration in a time frame specified by the department.

Section 8. Certification of compliance.

After a labor broker completes an application for registration or registration renewal under this act and pays the fee specified under section 10, the department shall issue a certificate of compliance to the labor broker that includes a registration number.

Section 9. Reporting changes.

A labor broker shall update its registration within 30 days of any change in personal or business information required to be provided to the department under this act.

Section 10. Fees.

(a) Amount.--An applicant for registration or registration renewal under this act shall pay an application fee of not more than \$300 to the department.

(b) Deposit.--Fees under subsection (a) shall be deposited into the account.

Section 11. Labor Broker Registration Account.

(a) Establishment.--The Labor Broker Registration Account is established as a restricted revenue, interest-bearing account in

1 the General Fund.

2 (b) Deposit.--The department shall deposit fees and
3 penalties collected under this act into the account.

4 (c) Appropriation.--Money in the account and interest earned
5 on the money are appropriated on a continuing basis to the
6 department for administering and enforcing the provisions of
7 this act.

8 Section 12. Prohibited acts.

9 (a) Specific prohibitions.--On or after the effective date
10 of this subsection, a person who holds oneself out or engages in
11 any act as a labor broker may not do any of the following:

12 (1) Fail to complete the registration as a labor broker
13 as required under this act.

14 (2) Fail to display or identify its registration number
15 as required under section 4.

16 (3) Knowingly make a false statement in the application
17 for labor broker registration.

18 (4) Knowingly contract with or perform work as a labor
19 broker for another person:

20 (i) without first completing the registration
21 required under this act; or

22 (ii) after the registration required under this act
23 has expired or has been suspended.

24 (5) Knowingly contract with or pay another person for
25 work as a labor broker if:

26 (i) the person has not completed the registration
27 required under this act; or

28 (ii) the person's registration required under this
29 act has expired or has been suspended.

30 (b) Verification.--A person seeking to contract or engage

1 with a purported labor broker shall verify the registration of
2 the purported labor broker using the verification system
3 described in section 5.

4 (c) Unregistered labor broker.--

5 (1) A person, including an agent of a person, may not
6 contract with or engage the services of an unregistered labor
7 broker.

8 (2) A person found to have engaged with an unregistered
9 labor broker shall be subject to penalties described under
10 section 14.

11 Section 13. Investigations.

12 (a) Authorization.--If the secretary receives information
13 indicating that a person has violated this act, the secretary
14 may investigate the matter.

15 (b) Permitted actions.--The secretary may take any of the
16 following actions:

17 (1) Enter and inspect a worksite or place of business at
18 any reasonable time to examine and inspect records that
19 relate to the compliance of this act.

20 (2) Subpoena witnesses, administer oaths, examine
21 witnesses and copy or compel the production of records,
22 contracts and other documents that are necessary and
23 appropriate to the enforcement of this act.

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

26 Section 14. Penalties.

27 The following penalties apply:

28 (1) A person that violates section 12(a)(1) or (2) shall
29 be subject to the following:

30 (i) For a first violation, the department shall

1 issue a warning letter to the person detailing the
2 omission and provide 30 days to correct the violation.

3 (ii) For a second or subsequent violation, the
4 department shall bring an administrative action to assess
5 a fine of up to \$2,500 for each day that the labor broker
6 is not registered.

7 (2) For a violation of section 12(a)(3), (4) or (5), the
8 department shall bring an administrative action to assess a
9 fine of up to \$10,000 per violation.

10 (3) A person that violates section 12(b) or (c) shall be
11 subject to the following:

12 (i) For a first violation, the department shall
13 issue a fine of no more than \$25,000.

14 (ii) For a second or any subsequent violations, the
15 department shall issue a fine not to exceed \$25,000 per
16 day per worker provided by the unregistered labor broker.

17 (4) The secretary may debar or prohibit a person from
18 registering as a labor broker that violates any of the
19 provisions of section 12.

20 (5) The secretary shall waive a penalty for a violation
21 of section 12(a)(5), (b) or (c) by a person if the person or
22 employer is able to provide evidence to the secretary of a
23 good faith effort to comply with this act. The secretary
24 shall determine that a person has provided evidence of a good
25 faith effort under this paragraph if the person can prove to
26 the department that the person verified the registration of a
27 labor broker under section 5 and the labor broker was
28 registered in accordance with this act at the time of the
29 verification.

30 Section 15. Suspension of registration.

1 (a) Reasons.--The secretary may suspend a labor broker's
2 registration for failing to comply with an investigation under
3 section 13, failing to pay penalties imposed in accordance with
4 section 14 or otherwise failing to correct a violation as
5 required by section 14.

6 (b) Appeal.--A suspension under subsection (a) shall be
7 subject to appeal of the administrative action.

8 Section 16. Other relief.

9 In addition to the penalties specified under this act, the
10 department may seek other relief, including injunctive relief
11 and costs, reasonable attorney fees and investigation costs.

12 Section 17. Regulations.

13 The department may promulgate regulations as necessary to
14 implement this act.

15 Section 18. Effective date.

16 This act shall take effect in one year.