
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 678 Session of
2021

INTRODUCED BY YUDICHAK, MENSCH, BOSCOLA AND J. WARD,
MAY 17, 2021

REFERRED TO LABOR AND INDUSTRY, MAY 17, 2021

AN ACT

1 Providing for verification of construction contractors and for
2 procedures for verification; establishing the Construction
3 Contractor Verification Account; making an appropriation; and
4 imposing penalties.

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

7 Section 1. Short title.

8 This act shall be known and may be cited as the Contractor
9 Verification Act.

10 Section 2. Definitions.

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

14 "Account." The Construction Contractor Verification Account
15 established under section 5(b).

16 "Bureau." The Bureau of Consumer Protection in the Office of
17 Attorney General.

18 "Construction contractor." As follows:

19 (1) A person who, in any capacity for compensation,

1 other than as an employee of another person, engages in the
2 erection, reconstruction, demolition, alteration,
3 modification, custom fabrication, building, assembling, site
4 preparation and repair or maintenance work on real property
5 or premises under a contract, including work for a public
6 body or work paid for from public funds. The term includes
7 any of the following:

8 (i) A person who performs any work in connection
9 with a construction project, including the erection of
10 scaffolding.

11 (ii) A subcontractor of any tier.

12 (iii) A staffing agency that supplies workers under
13 contract.

14 (iv) A construction or project manager.

15 (2) The term does not include any of the following:

16 (i) A supplier or seller of goods, materials or
17 equipment who does not arrange or perform work or labor
18 in connection with the products.

19 (ii) An installer of finished goods, materials or
20 equipment that is not fabricated into or a fixed part of
21 the structure.

22 (iii) An individual who performs or solicits work on
23 a property that the individual owns or leases or an
24 individual who performs work as a bone fide employee of
25 the property owner or occupant.

26 (iv) An architect, engineer, geologist, land
27 surveyor, real estate agent or real estate appraiser who
28 holds a professional license or certification from an
29 oversight board or commission within the Department of
30 State of the Commonwealth and does not perform work as a

1 construction contractor.

2 "Person." An individual, firm, sole proprietorship,
3 partnership, corporation, association or other entity.

4 Section 3. Verification of construction contractors.

5 (a) Prohibition.--A person may not hold oneself out or
6 engage in any act as a construction contractor without
7 satisfying the verification requirements under this act.

8 (b) Home improvement contractors.--Nothing in this act shall
9 be construed to affect the requirements specified under the act
10 of October 17, 2008 (P.L.1645, No.132), known as the Home
11 Improvement Consumer Protection Act. A construction contractor
12 who only engages in the business of home improvement as defined
13 in section 2 of the Home Improvement Consumer Protection Act,
14 and who has registered in accordance with the Home Improvement
15 Consumer Protection Act, shall be deemed to satisfy the
16 verification requirements under this act.

17 (c) Proof of verification.--A construction contractor shall
18 include the construction contractor's verification number issued
19 by the bureau in all advertisements distributed within this
20 Commonwealth and on all contracts, estimates and related
21 documents created after the effective date of this section.

22 (d) Verification system.--The bureau shall develop and
23 maintain a list of completed verifications under this act on the
24 bureau's publicly accessible Internet website, which shall
25 include each construction contractor's legal business name, any
26 assumed business name, business address, verification number and
27 verification expiration date.

28 Section 4. Procedures for verification.

29 (a) Application.--

30 (1) A construction contractor shall apply, in writing or

1 electronically, for verification to the bureau in a manner
2 and on a form prescribed by the bureau. The application shall
3 include all the following information:

4 (i) For any individual, sole proprietor, primary
5 owner or officer of a business entity, all of the
6 following information:

7 (A) The applicant's full legal name and title at
8 the applicant's business.

9 (B) The applicant's business address and
10 telephone number.

11 (C) The applicant's Social Security number and
12 date of birth.

13 (D) The percentage of the applicant's business
14 owned by the applicant.

15 (E) All prior business names and addresses of
16 the applicant.

17 (ii) The legal business name, an assumed business
18 name, designated business address, physical address,
19 telephone number and email address of the applicant.

20 (iii) For an out-of-State business entity, the name
21 and address of the applicant's resident agent or office
22 within this Commonwealth and any identification number
23 issued to the applicant by the applicant's state or
24 political subdivision where the applicant has a principal
25 place of business through other registration, licensing
26 or verification systems, if applicable.

27 (iv) The applicant's Federal employer identification
28 number, if applicable.

29 (v) For any individual, sole proprietor, primary
30 owner or officer of a business entity, the name of all

1 other persons with an ownership interest in the applicant
2 who are not identified under subparagraph (i) and the
3 percentage of the interest owned by each person. This
4 subparagraph shall not apply to shareholders with less
5 than a 5% ownership interest in a publicly traded
6 corporation.

7 (vi) A description of the nature of the business of
8 the applicant.

9 (vii) Documentation of compliance with the act of
10 June 2, 1915 (P.L.736, No.338), known as the Workers'
11 Compensation Act, and the act of December 5, 1936 (2nd
12 Sp.Sess., 1937 P.L.2897, No.1), known as the Unemployment
13 Compensation Law.

14 (viii) Documentation of enrollment in the E-Verify
15 program as required to be used for new hires under the
16 act of October 7, 2019 (P.L.454, No.75), known as the
17 Construction Industry Employee Verification Act.

18 (ix) Proof of financial responsibility, which may
19 include liability insurance or bonding, or self-
20 insurance.

21 (x) The fee specified under section 5(a).

22 (xi) A signed statement by the applicant that the
23 information in the application is true and accurate and
24 any individual signing the application is an authorized
25 agent of the applicant.

26 (b) Expiration and renewal.--The verification shall be
27 completed on a fixed, biennial basis on a date determined by the
28 bureau. The bureau shall accept an application for a
29 verification renewal before the expiration of an active
30 verification in a time frame specified by the bureau.

1 (c) Nominal business operations.--The bureau may elect to
2 waive a verification renewal for a construction contractor whose
3 total gross annual receipts for work as a construction
4 contractor are less than \$12,400 per year for both years
5 immediately before the renewal date specified by the bureau
6 under subsection (b).

7 (d) Certification of compliance.--After a construction
8 contractor completes an application for verification or
9 verification renewal under this section and pays the fee
10 specified under section 5(a), the bureau shall issue a
11 certificate of compliance to the construction contractor that
12 includes a verification number.

13 (e) Reporting changes.--A construction contractor shall
14 update its verification within 30 days of any change in personal
15 or business information required to be provided to the bureau
16 under this section.

17 Section 5. Fees and account.

18 (a) Fees.--An applicant for verification or verification
19 renewal under section 4 shall pay an application fee of not more
20 than \$500 to the bureau. Fees shall be deposited into the
21 account established in subsection (b).

22 (b) Construction Contractor Verification Account.--

23 (1) The Construction Contractor Verification Account is
24 established as a restricted revenue, interest-bearing account
25 in the General Fund.

26 (2) The bureau shall deposit fees and penalties
27 collected under sections 5(a) and 8 into the account.

28 (3) Funds in the account and interest earned on the
29 funds are appropriated on a continuing basis to the Office of
30 Attorney General for administering and enforcing the

1 provisions of this act and the act of October 7, 2019
2 (P.L.454, No.75), known as the Construction Industry Employee
3 Verification Act.

4 Section 6. Prohibited acts.

5 On and after the effective date of this section, a person who
6 holds oneself out or engages in any act as a construction
7 contractor may not:

8 (1) fail to complete the verification as a construction
9 contractor as required under this act;

10 (2) fail to display or identify its verification number
11 as required by section 3(c);

12 (3) knowingly contract with or perform work as a
13 construction contractor for another person without first
14 completing the verification required under this act or after
15 the construction contractor's verification has expired or has
16 been suspended; or

17 (4) knowingly contract with or pay another person for
18 work as a construction contractor if the person has not
19 completed the verification required under this act or the
20 person's verification has expired or has been suspended.

21 Section 7. Enforcement.

22 The bureau may enforce this act and investigate alleged
23 violations of this act. In enforcing this act and investigating
24 alleged violations of this act, the bureau may take any of the
25 following actions:

26 (1) Enter and inspect the place of business or a
27 worksite of a construction contractor at any reasonable time
28 for the purposes of examining and inspecting records of the
29 construction contractor that relate to compliance with this
30 act.

1 (2) Subpoena witnesses, administer oaths, examine
2 witnesses and take testimony or compel the production of
3 documents for the purpose of ascertaining a construction
4 contractor's compliance with this act.

5 (3) Petition the Commonwealth Court to enforce any
6 subpoena or order issued by the bureau under this act.

7 Section 8. Penalties.

8 (a) Imposition.--

9 (1) A person who violates section 6(1) or (2) shall be
10 subject to the following:

11 (i) For a first violation, the bureau shall issue a
12 warning letter to the person detailing the omission and
13 provide 30 days to correct the violation.

14 (ii) For a second or subsequent violation, the
15 bureau shall bring an action in a court of competent
16 jurisdiction to assess a fine of up to \$2,000 per day
17 when the person is in violation of section 6(1) or (2).

18 (2) The bureau shall bring an action in a court of
19 competent jurisdiction to assess a fine of up to \$10,000 per
20 violation for a person who violates section 6(3) or (4).

21 (b) Suspensions of verifications.--If a construction
22 contractor's verification is suspended by court order, including
23 an order under the act of October 7, 2019 (P.L.454, No.75),
24 known as the Construction Industry Employee Verification Act,
25 the suspension shall take effect by operation of law on the date
26 that the court's order is entered, unless the suspension is
27 stayed by subsequent court order, pending appeal. The Office of
28 Attorney General shall provide notice of a court order affecting
29 the validity of a contractor's verification to the bureau and
30 the bureau shall update the verification system consistent with

1 the court order no later than 30 days from the date of receipt
2 of the notice.

3 (c) Other relief.--In addition to the penalties specified
4 under this section, the bureau may seek other relief, including
5 injunctive relief, restitution and costs under the act of
6 December 17, 1968 (P.L.1224, No.387), known as the Unfair Trade
7 Practices and Consumer Protection Law, and any violation of this
8 act shall be considered a violation of the Unfair Trade
9 Practices and Consumer Protection Law.

10 Section 9. Protection from retaliation.

11 (a) Retaliation prohibited.--A construction contractor
12 may not discharge, threaten or otherwise retaliate or
13 discriminate against an employee regarding compensation or other
14 terms or conditions of employment because the employee
15 participates in an investigation, hearing or inquiry by the
16 bureau or reports an alleged violation of this act to the
17 bureau.

18 (b) Actions.--An employee who suffers retaliation or
19 discrimination under subsection (a) may bring an action in a
20 court of common pleas in accordance with the Pennsylvania Rules
21 of Civil Procedure. The action must be brought within three
22 years from the date the employee knew of the retaliation or
23 discrimination.

24 (c) Relief.--If an employee prevails in an action commenced
25 under subsection (b), the employee shall be entitled to the
26 following relief:

27 (1) Reinstatement of the employee, if applicable.

28 (2) Restitution equal to three times the amount of the
29 employee's wages and fringe benefits calculated from the date
30 of the retaliation or discrimination.

1 (3) Reasonable attorney fees and costs of the action.

2 (4) Any other legal and equitable relief as the court
3 deems appropriate.

4 Section 10. Construction.

5 Nothing in this act shall be construed to alleviate,
6 substitute or otherwise impact licensing or certification
7 standards or requirements for individuals or businesses that may
8 be required under any other Federal or State law or regulation
9 or local ordinance.

10 Section 11. Effective date.

11 The act shall take effect in 180 days.