



SUPPORT REAL SOLUTIONS, NOT LIABILITY SHIFTS

SB 426A claims to solve wage theft in construction, but instead shifts liability from bad actors to unknowing upper tier contractors and owners without allowing contractors to mitigate their risk through contract. This bill is harmful for the construction industry, and will not actually get bad actors out of the system; it will:

- **Hurt Homeowners** of secondary homes like rental properties, vacation homes, etc. by making them liable for unpaid wages of the subcontractors' employees, even when they've paid in full and had no knowledge of nonpayment.
- **Hurt Small Businesses** by discouraging contractors from hiring emerging and minority subcontractors due to increased financial risk. Commercial business owners will also be liable.
- **Hurt Independent Contractors** by discouraging contractors from hiring independent contractors, since contractors will be concerned about being liable for a misclassification issue.

Support Real Solution Legislation this Session:

1. **HB 5015 – Fully Fund BOLI for wage claims:** BOLI is responsible for handling wage claims and enforcing labor laws. Proper funding will:
 - Improve response times and enforcement actions against wage theft.
 - Provide a streamlined process for workers, especially undocumented employees, to recover unpaid wages without going to court.
 - Ensure BOLI has adequate staffing to investigate claims and hold bad actors accountable.
2. **SB 1200 – Strengthen Construction Labor Broker Regulation:** Many wage theft cases stem from unscrupulous labor brokers who act as intermediaries between contractors and workers. To prevent this:
 - **Transfer oversight** of construction labor brokers from BOLI to the Construction Contractors Board (CCB), which has greater industry-specific enforcement authority.
 - **Increase bond requirements** to ensure funds are available to compensate workers when labor brokers fail to pay wages.
 - **Remove bad actors** from the system by making it financially unfeasible for dishonest brokers to operate.

We strongly oppose wage theft and its harmful effects on workers and families. However, SB 426A punishes the wrong people. Strengthening BOLI and properly regulating construction labor brokers will target the true culprits and create lasting solutions.

For these reasons, we strongly oppose SB 426A and urge legislators to vote NO.

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From the Desk of Senator Daniel Bonham