

## **Department of Planning and Budget**

### **2018 Fiscal Impact Statement**

**1. Bill Number:** HB1171

<b>House of Origin</b>	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
<b>Second House</b>	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

**2. Patron:** Krizek

**3. Committee:** General Laws

**4. Title:** Construction contracts; liability for payment of wages.

**5. Summary:** Provides that construction contracts shall be deemed to include a provision under which the general contractor and the subcontractor are jointly and severally liable to pay the wages due to the subcontractor's employees. The measure provides that if the wages due to the subcontractor's employees are not paid, the general contractor is subject to criminal and civil penalties for which an employer is liable for failing or refusing to pay wages. The measure requires the subcontractor to indemnify the general contractor for wages, damages, interest, penalties, or attorney fees owed as a result of the subcontractor's failure to pay the wages unless the subcontractor's failure to pay wages was due to the general contractor's failure to pay moneys due to the subcontractor. The measure also provides that the lack of privity between the general contractor and the employees of the subcontractor is not a defense in an action against the general contractor arising from nonpayment of wages to the subcontractor's employees.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Preliminary. See Item 8.

**8. Fiscal Implications:** It is anticipated that this bill will not result in a fiscal impact to the Department of Labor and Industry. DOLI anticipates that its Labor Law Division will not have an increase in the number of wage claims under the payment of wage law from this bill.

**9. Specific Agency or Political Subdivisions Affected:** Department of Labor and Industry.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.