

Rep. Lou Lang

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LRB094 16772 WGH 58683 a 09400SB2399ham001 1 AMENDMENT TO SENATE BILL 2399 2 AMENDMENT NO. . Amend Senate Bill 2399 by replacing 3 everything after the enacting clause with the following: "ARTICLE 1. 4 Section 1-1. Short title. This Article 1 may be cited as the Apprenticeship Program and Public Works Reporting Act, and 6 references in this Article to "this Act" mean this Article. Section 1-5. Definitions. As used in this Act: 8 "Apprenticeship program" means an apprenticeship program 9 approved by the U.S. Department of Labor. 10 "Public works" has the meaning ascribed to that term in the 11 Prevailing Wage Act. 12 13 Section 1-10. Apprenticeship program reports. 14 (a) For each apprenticeship program operating in this State, the entity operating the apprenticeship program must 15 16 file annual reports with the Department of Commerce and Economic Opportunity covering each calendar year. Each report 17 shall include: 18 19 (1) The number of persons applying to the program in each of the following categories of race or ethnicity: 20 white, black or African American, Hispanic or Latino 21 ethnicity, Asian American, and Native American. 22

- (2) The number of persons participating in the program in each of the following categories of race or ethnicity: white, black or African American, Hispanic or Latino ethnicity, Asian American, and Native American.
 - (3) The number of persons completing the program in each of the following categories of race or ethnicity: white, black or African American, Hispanic or Latino ethnicity, Asian American, and Native American.
 - (4) The number of persons of each gender applying to the program.
 - (5) The number of persons of each gender participating in the program.
 - (6) The number of persons of each gender completing the program.
 - (b) Nothing in this Section shall be construed to compel an individual to provide information regarding race, ethnicity, or gender or compel an entity operating the apprenticeship program to report regarding race, ethnicity, or gender if that information is not provided by the individual applying to or participating in an apprenticeship program.
 - (c) An entity that knowingly fails to file a report or knowingly files an inaccurate or incomplete report commits a business offense for which a fine of not more than \$5,000 may be imposed. In addition, if 14 days have elapsed since a report filing deadline of the Department of Commerce and Economic Opportunity, each subsequent day during which an entity knowingly fails to file a report constitutes a separate violation.
- 29 (d) The Department of Commerce and Economic Opportunity 30 shall adopt rules concerning the format and contents of reports 31 and the time and procedure for filing reports under this 32 Section.

- (a) Each contractor to whom a contract for a public works project for a State agency has been awarded and each subcontractor performing work on the project must file annual reports with the Department of Commerce and Economic Opportunity covering each calendar year during which work is performed under the contract. Each report shall include the following information for each job classification:
 - (1) The number of persons applying to perform work on the project in each of the following categories of race or ethnicity: white, black or African American, Hispanic or Latino ethnicity, Asian American, and Native American.
 - (2) The number of persons performing work on the project in each of the following categories of race or ethnicity: white, black or African American, Hispanic or Latino ethnicity, Asian American, and Native American.
 - (3) The number of persons of each gender applying to perform work on the project.
 - (4) The number of persons of each gender performing work on the project.
- (b) Nothing in this Section shall be construed to compel an individual to provide information regarding race, ethnicity, or gender or compel a contractor or subcontractor to report regarding race, ethnicity, or gender if that information is not provided by an individual applying to perform work on a project or performing work on a project.
- (c) A contractor or subcontractor that knowingly fails to file a report or knowingly files an inaccurate or incomplete report commits a business offense for which a fine of not more than \$5,000 may be imposed. In addition, if 14 days have elapsed since a report filing deadline of the Department of Commerce and Economic Opportunity, each subsequent day during which a contractor or subcontractor knowingly fails to file a report constitutes a separate violation.
 - (d) The Department of Commerce and Economic Opportunity

- shall adopt rules concerning the format and contents of reports
- 2 and the time and procedure for filing reports under this
- 3 Section.

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- 4 Section 1-20. Reports by the Department of Commerce and Economic Opportunity. The Department of Commerce and Economic 5 Opportunity shall file a report each calendar quarter with the 7 and the General Assembly incorporating information filed with the Department of Commerce and Economic 8 9 Opportunity under Sections 1-10, 1-15, 1-25, and 1-30. The information in each report shall be further broken down by the 10 5 regions of the State, as those regions are defined by the 11 Department of Commerce and Economic Opportunity. Each report 12 13 shall also compare the reported racial, ethnic, and gender data 14 for each region with the racial, ethnic, and gender 15 characteristics of the general workforce for each region.
 - Section 1-25. Reports by the Department of Transportation. The Department of Transportation shall file a report each calendar quarter with the Department of Commerce and Economic Opportunity setting forth the following information for each contract entered into by the Department of Transportation for a public works project under which work was performed during the quarterly reporting period:
 - (1) The name of the project.
 - (2) For each trade or occupation, the number of persons performing work on the project during the quarterly reporting period in each of the following categories of race or ethnicity: white, black or African American, Hispanic or Latino ethnicity, Asian American, and Native American.
 - (3) For each trade or occupation, the number of persons of each gender performing work on the project during the quarterly reporting period.

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- Section 1-30. Reports by the Capital Development Board. The Capital Development Board shall file a report each calendar quarter with the Department of Commerce and Economic Opportunity setting forth the following information for each contract entered into by the Capital Development Board for a public works project under which work was performed during the quarterly reporting period:
 - (1) The name of the project.
 - (2) For each trade or occupation, the number of persons performing work on the project during the quarterly reporting period in each of the following categories of race or ethnicity: white, black or African American, Hispanic or Latino ethnicity, Asian American, and Native American.
- (3) For each trade or occupation, the number of persons of each gender performing work on the project during the quarterly reporting period.
- Section 1-35. Rules. The Department of Commerce and Economic Opportunity, the Department of Transportation, and the Capital Development Board may adopt any rules necessary or appropriate to carry out their responsibilities under this Act.

22 ARTICLE 5.

- Section 5-1. Short title. This Article 5 may be cited as the Employee Classification Act, and references in this Article to "this Act" mean this Article.
- Section 5-3. Purpose. This Act is intended to address the practice of misclassifying employees as independent contractors.

1 Section 5-5. Definitions. As used in this Act:

"Construction" means building, altering, repairing,
improving, or demolishing any structure or building or making
improvements of any kind to real property.

"Contractor" means any person or entity who is engaged in construction as defined in this Act. "Contractor" includes a general contractor and a subcontractor, but does not include a person or entity who furnishes only materials or supplies.

"Department" means the Department of Labor.

"Director" means the Director of Labor.

"Employer" means any contractor that employs individuals deemed employees under Section 5-10 of this Act; however, "employer" does not include (i) the State of Illinois or its officers, agencies, or political subdivisions or (ii) the federal government.

"Entity" means any contractor or subcontractor for which a person is performing any service and is not classified as an employee under Section 5-10 of this Act; however, "entity" does not include (i) the State of Illinois or its officers, agencies, or political subdivisions or (ii) the federal government.

Section 5-10. Applicability; status of individuals performing service. For the purposes of this Act, an individual performing any service for a contractor or subcontractor is deemed to be an employee unless it is shown that:

- (1) the individual has been and will continue to be free from control or direction over the performance of the service, both under his or her contract of service and in fact;
- (2) the service is either outside the usual course of the business for which the service is performed or the service is performed outside of all the places of business of the enterprise for which the service is performed; and

- 1 (3) the individual is engaged in an independently 2 established trade, occupation, profession, or business.
- 3 Provided, however, that this shall not impair the ability of a
- 4 contractor to subcontract with a subcontractor provided the
- 5 subcontractor satisfies the provisions of this Section, nor
- 6 impair the ability of a subcontractor to subcontract with a
- 7 lower tier subcontractor provided the lower tier subcontractor
- 8 satisfies the provisions of this Section.
- 9 Section 5-15. Notice.
- 10 (a) The Department shall post a summary of the requirements
- of this Act in English, Spanish, and Polish on its web site and
- on bulletin boards in each of its offices.
- 13 (b) An employer or entity for whom one or more persons
- 14 classified as independent contractors are performing service
- shall post and keep posted, in conspicuous places on each job
- 16 site where those persons work and in each of its offices, a
- 17 notice in English, Spanish, and Polish, prepared by the
- Department, summarizing the requirements of this Act. The
- 19 Department shall furnish copies of summaries to employers and
- 20 entities upon request without charge.
- 21 Section 5-20. Failure to properly designate or classify
- 22 persons performing services as employees.
- 23 (a) Except as provided in subsection (b), it is a violation
- of this Act for an employer or entity not to designate an
- 25 individual as an employee under Section 5-10 of this Act unless
- 26 the employer or entity satisfies the provisions of Section
- 27 5-10.
- 28 (b) A general contractor shall not be liable under this Act
- 29 for any subcontractor's failure to properly designate or
- 30 classify persons performing services as employees, nor shall a
- 31 subcontractor be liable for any lower tier subcontractor's
- 32 failure to properly designate or classify persons performing

services as employees.

2 (c) Nothing in this Act shall be deemed to apply to any action arising out of personal injury or tort.

Section 5-25. Enforcement. It shall be the duty of the Department to enforce the provisions of this Act. The Department shall have the power to conduct investigations in connection with the administration and enforcement of this Act and any investigator with the Department shall be authorized to visit and inspect, at all reasonable times, any places covered by this Act and shall be authorized to inspect, at all reasonable times, documents related to the determination of whether a person is an employee under Section 5-10 of this Act. The Director of Labor or his or her representative may compel, by subpoena, the attendance and testimony of witnesses and the production of books, payrolls, records, papers, and other evidence in any investigation or hearing and may administer oaths to witnesses.

Section 5-27. Order for violation and public hearing. Whenever the Department believes upon investigation that there has been a violation of any of the provisions of this Act or any rules or regulations promulgated under this Act, the Department may: (i) issue and cause to be served on any party an order to cease and desist from further violation of this Act; (ii) take affirmative or other action as deemed reasonable to eliminate the effect of the violation; and (iii) assess any civil penalty allowed by this Act. The civil penalties assessed by the Department shall be recoverable in an action brought in the name of the People of the State of Illinois by the Attorney General. In any order issued to an offending party under this Act, the Department shall include a summary of its findings, which give evidence of the violation. Any party affected by an order of the Department shall have the right to a hearing

1 before the Department; however, a written request for such

hearing shall be served on the Department within 10 days of

notice of such order. In the absence of the receipt of a

request for hearing, the affected party shall be deemed to have

waived its right to a hearing and the Department's order shall

become a final administrative decision.

Section 5-30. Review under Administrative Review Law. Any party to a proceeding under this Act may apply for and obtain judicial review of an order of the Department entered under this Act in accordance with the provisions of the Administrative Review Law, and the Department in proceedings under the Act may obtain an order from the court for the enforcement of its order.

Section 5-35. Contempt. Whenever it appears that any employer or entity has violated a valid order of the Department issued under this Act, the Director of Labor may commence an action and obtain from the court an order commanding the employer or entity to obey the order of the Department or be adjudged guilty of contempt of court and punished accordingly.

Section 5-40. Penalties. An employer or entity that violates any of the provisions of this Act or any rule adopted under this Act shall be subject to a civil penalty not to exceed \$1,500 for each violation found in the first audit by the Department. Following a first audit, an employer or entity shall be subject to a civil penalty not to exceed \$2,500 for each repeat violation found by the Department within 5 years. For purposes of this Section, each violation of this Act for each person and for each day the violation continues shall constitute a separate and distinct violation. In determining the amount of a penalty, the Director shall consider the appropriateness of the penalty to the employer or entity

charged, upon the determination of the gravity of the violations. The amount of the penalty, when finally determined, may be recovered in a civil action filed in any circuit court by the Director of Labor, or a person aggrieved by a violation of this Act or any rule adopted under this Act. In any civil action brought by an aggrieved person pursuant to this Section, the circuit court shall award the aggrieved person 10% of the amount recovered. In such case the remaining amount recovered shall be submitted to the Director of Labor. Any uncollected amount shall be subject to the provisions of the Illinois State Collection Act of 1986.

Section 5-42. Debarments. For any second or subsequent violation determined by the Department which is within 5 years of an earlier violation, the Department shall add the employer or entity's name to a list to be posted on the Department's website. Upon such notice, the Department shall notify the violating employer or entity. No State contract shall be awarded to an employer or entity appearing on the list until 4 years have elapsed from the date of the last violation.

Section 5-45. Willful violations.

- (a) Whoever willfully violates any of the provisions of this Act or any rule adopted under this Act or whoever obstructs the Director of Labor, or his or her representatives, or any other person authorized to inspect places of employment under this Act shall be liable for penalties up to double the statutory amount.
- (b) Whoever willfully violates any of the provisions of this Act or any rule adopted under this Act shall be liable to the employee for punitive damages in an amount equal to the penalties assessed in subsection (a) of this Section.
- 31 (c) The penalty shall be imposed in cases in which an 32 employer or entity's conduct is proven by a preponderance of

the evidence to be willful. The penalty may be recovered in a civil action brought by the Director of Labor in any circuit court. In any such action, the Director of Labor shall be represented by the Attorney General. Any uncollected amount shall be subject to the provisions of the Illinois State

6 Collection Act of 1986.

Section 5-50. Employee Classification Fund. All moneys received by the Department as civil penalties under this Act shall be deposited into the Employee Classification Fund and shall be used, subject to appropriation by the General Assembly, by the Department for administration, investigation, and other expenses incurred in carrying out its powers and duties under this Act. The Department shall hire as many investigators and other personnel as may be necessary to carry out the purposes of this Act. Any moneys in the Fund at the end of a fiscal year in excess of those moneys necessary for the Department to carry out its powers and duties under this Act shall be available to the Department for the next fiscal year for any of the Department's duties.

Section 5-55. Retaliation.

- (a) It is a violation of this Act for an employer or entity, or any agent of an employer or entity, to retaliate through discharge or in any other manner against any person for exercising any rights granted under this Act. Such retaliation shall subject an employer or entity to civil penalties pursuant to this Act or a private cause of action.
- (b) It is a violation of this Act for an employer or entity to retaliate against a person for:
 - (1) making a complaint to an employer or entity, to a co-worker, to a community organization, before a public hearing, or to a State or federal agency that rights guaranteed under this Act have been violated;

- 1 (2) causing to be instituted any proceeding under or related to this Act; or
- 3 (3) testifying or preparing to testify in an investigation or proceeding under this Act.

5 Section 5-60. Private right of action.

- (a) A person aggrieved by a violation of this Act or any rule adopted under this Act by an employer or entity may file suit in circuit court, in the county where the alleged offense occurred or where any person who is party to the action resides, without regard to exhaustion of any alternative administrative remedies provided in this Act. Actions may be brought by one or more persons for and on behalf of themselves and other persons similarly situated. A person whose rights have been violated under this Act by an employer or entity is entitled to collect:
 - (1) the amount of any wages, salary, employment benefits, or other compensation denied or lost to the person by reason of the violation, plus an equal amount in liquidated damages;
 - (2) compensatory damages and an amount up to \$500 for each violation of this Act or any rule adopted under this Act;
 - (3) in the case of unlawful retaliation, all legal or equitable relief as may be appropriate; and
 - (4) attorney's fees and costs.
- (b) The right of an aggrieved person to bring an action under this Section terminates upon the passing of 3 years from the final date of service to the employer or entity. This limitations period is tolled if an employer or entity has deterred a person's exercise of rights under this Act by contacting or threatening to contact law enforcement agencies.
- 32 Section 5-65. Rulemaking. The Department may adopt

- reasonable rules to implement and administer this Act. For 1
- purposes of this Act, the General Assembly finds that the 2
- 3 adoption of rules to implement this Act is deemed an emergency
- 4 and necessary for the public interest and welfare.
- Section 5-70. No waivers. 5
- (a) There shall be no waiver of any provision of this Act. 6
- 7 (b) It is a Class C misdemeanor for an employer to attempt
- to induce any individual to waive any provision of this Act. 8
- 9 Section 5-75. Cooperation. The Department of Labor, the
- 10 Department of Employment Security, the Department of Revenue,
- 11 the Office of the State Comptroller, and the Illinois Workers'
- 12 Compensation Commission shall cooperate under this Act by
- 13 sharing information concerning any suspected misclassification
- by an employer of one or more of its employees as independent 14
- contractors. Upon determining that an employer or entity has 15
- 16 misclassified employees independent contractors as
- 17 violation of this Act, the Department of Labor shall notify the
- 18 Department of Employment Security, the Department of Revenue,
- Compensation Commission who shall be obliged to check such 20

the Office of the State Comptroller, and the Illinois Workers'

- employer or entity's compliance with their laws, utilizing 21
- their own definitions, standards, and procedures. 22
- 23 Section 5-80. Effect of final decision. Any final
- 24 administrative decision made pursuant to this Act is for the
- 25 purpose of enforcing this Act and is not admissible or binding
- 26 against a party in any other proceeding.
- 27 Section 5-900. The State Comptroller Act is amended by
- adding Section 9.06 as follows: 28
- 29 (15 ILCS 405/9.06 new)

- Sec. 9.06. Misclassification of employees as independent 1 contractors. The Department of Labor, the Department of 2 3 Employment Security, the Department of Revenue, the Office of the State Comptroller, and the Illinois Workers' Compensation 4 5 Commission shall cooperate under the Employee Classification Act by sharing information concerning any suspected 6 7 misclassification by an employer or entity, as defined in the Employee Classification Act, of one or more employees as 8
- 10 Section 5-901. The Department of Employment Security Law of the Civil Administrative Code of Illinois is amended by adding 11 Section 1005-160 as follows: 12
- 13 (20 ILCS 1005/1005-160 new)

independent contractors.

- 14 1005-160. Misclassification of employees independent contractors. The Department of Labor, the 15 Department of Employment Security, the Department of Revenue, 16 the Office of the State Comptroller, and the Illinois Workers' 17 Compensation Commission shall cooperate under the Employee 18 19 Classification Act by sharing information concerning any 20 suspected misclassification by an employer or entity, as defined in the Employee Classification Act, of one or more 21 22 employees as independent contractors.
- 23 Section 5-905. The Department of Labor Law of the Civil Administrative Code of Illinois is amended by adding Section 24 1505-125 as follows: 25
- 26 (20 ILCS 1505/1505-125 new)
- 27 Sec. 1505-125. Misclassification of employees independent contractors. The Department of Labor, 28 29 Department of Employment Security, the Department of Revenue, the Office of the State Comptroller, and the Illinois Workers' 30

- 1 Compensation Commission shall cooperate under the Employee
- Classification Act by sharing information concerning any 2
- 3 suspected misclassification by an employer or entity, as
- defined in the Employee Classification Act, of one or more 4
- 5 employees as independent contractors.
- Section 5-910. The Department of Revenue Law of the Civil 6
- 7 Administrative Code of Illinois is amended by adding Section
- 2505-750 as follows: 8
- (20 ILCS 2505/2505-750 new) 9
- Sec. 2505-750. Misclassification of employees as 10
- independent contractors. The Department of Labor, the 11
- Department of Employment Security, the Department of Revenue, 12
- 13 the Office of the State Comptroller, and the Illinois Workers'
- Compensation Commission shall cooperate under the Employee 14
- Classification Act by sharing information concerning any 15
- suspected misclassification by an employer or entity, as 16
- defined in the Employee Classification Act, of one or more 17
- 18 employees as independent contractors.
- Section 5-915. The State Finance Act is amended by adding 19
- Section 5.663 as follows: 20
- 21 (30 ILCS 105/5.663 new)
- 22 Sec. 5.663. The Employee Classification Fund.
- 23 Section 5-920. The Illinois Procurement Code is amended by
- 24 changing Section 50-70 as follows:
- 25 (30 ILCS 500/50-70)
- 26 Sec. 50-70. Additional provisions. This Code is subject to
- 27 applicable provisions of the following Acts:
- (1) Article 33E of the Criminal Code of 1961; 28

- (2) the Illinois Human Rights Act; 1
- (3) the Discriminatory Club Act; 2
- (4) the Illinois Governmental Ethics Act; 3
- 4 (5) the State Prompt Payment Act;
- 5 (6) the Public Officer Prohibited Activities Act; and
- (7) the Drug Free Workplace Act; and 6
- (8) the Employee Classification Act. 7
- (Source: P.A. 90-572, eff. 2-6-98.) 8
- 9 Section 5-925. The Workers' Compensation Act is amended by
- adding Section 26.1 as follows: 10
- (820 ILCS 305/26.1 new) 11
- 12 Sec. 26.1. Misclassification of employees as independent
- contractors. The Department of Labor, the Department of 13
- Employment Security, the Department of Revenue, the Office of 14
- the State Comptroller, and the Illinois Workers' Compensation 15
- Commission shall cooperate under the Employee Classification 16
- Act by sharing information concerning any suspected 17
- misclassification by an employer or entity, as defined in the 18
- Employee Classification Act, of one or more employees as 19
- independent contractors. 20
- 21 ARTICLE 10.
- 22 Section 10-5. The Prevailing Wage Act is amended by
- changing Section 5 as follows: 23
- 24 (820 ILCS 130/5) (from Ch. 48, par. 39s-5)
- 25 Sec. 5. Certified payroll.
- 26 (a) While participating on public works, the contractor and
- 27 each subcontractor shall:
- (1) make and keep, for a period of not less than 3 28
- years, records of all laborers, mechanics, and other 29

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workers employed by them on the project; the records shall include each worker's name, address, telephone number when available, social security number, classification or classifications, the hourly wages paid in each pay period, the number of hours worked each day, and the starting and ending times of work each day; and

submit monthly, in person, (2) by mail, or electronically a certified payroll to the public body in charge of the project. The certified payroll shall consist of a complete copy of the records identified in paragraph (1) of this subsection (a), but may exclude the starting and ending times of work each day. The certified payroll shall be accompanied by a statement signed by the contractor or subcontractor which avers that: (i) such records are true and accurate; (ii) the hourly rate paid to each worker is not less than the general prevailing rate of hourly wages required by this Act; and (iii) the contractor or subcontractor is aware that filing a certified payroll that he or she knows to be false is a Class B misdemeanor. A general contractor is not prohibited from relying on the certification of a lower tier subcontractor, provided the general contractor does not knowingly rely upon subcontractor's false certification. Any contractor or subcontractor subject to this Act who fails to submit a certified payroll or knowingly files a false certified payroll is in violation of this Act and guilty of a Class B misdemeanor. The public body in charge of the project shall keep the records submitted in accordance with this paragraph (2) of subsection (a) for a period of not less than 3 years. The records submitted in accordance with this paragraph (2) of subsection (a) shall be considered public records, except an employee's address, telephone number, social security number, and made available accordance with the Freedom of Information Act. The public

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- body shall accept any reasonable submissions by the 1 2 contractor that meet the requirements of this Section.
 - (b) Upon $\frac{7}{2}$ business days' notice, the contractor and each subcontractor shall make available for inspection the records identified in paragraph (1) of subsection (a) of this Section to the public body in charge of the project, its officers and agents, and to the Director of Labor and his deputies and agents. Upon $\frac{7}{2}$ business days' notice, the contractor and each subcontractor shall make such records available at all reasonable hours at a location within this State.
- (Source: P.A. 93-38, eff. 6-1-04; 94-515, eff. 8-10-05.) 11
- 12 ARTICLE 99.
- Section 99-97. Severability. The provisions of this Act are 13 severable under Section 1.31 of the Statute on Statutes. 14
- 15 Section 99-99. Effective date. This Act takes effect upon 16 becoming law.".