

HOUSE COMMITTEE OF REFERENCE AMENDMENT

Committee on Business Affairs & Labor.

HB24-1008 be amended as follows:

1 Amend printed bill, page 2, after line 1 insert:

2 **"SECTION 1. Legislative declaration.** (1) The general
3 assembly finds and declares that:

4 (a) Wage theft, the failure to pay an employee the employee's
5 legally earned wages, is the largest form of theft in the United States, and
6 the Colorado Fiscal Institute estimates that wage theft transfers nearly
7 \$728 million dollars to employers from the pockets of approximately
8 438,260 Colorado workers each year. Minor workers, women, and
9 workers of color are disproportionately impacted by wage theft.

10 (b) Wage theft not only affects Coloradans' ability to pay rent and
11 put food on the table, but it also denies our state and local governments
12 between \$25 million and \$42 million in revenue each year;

13 (c) To combat wage theft, the state must keep up with changes in
14 the marketplace. One of the most significant changes involves the
15 increasing use of labor market intermediaries to directly employ workers.
16 Too often, this fissuring of the labor market is used to outsource an
17 employer's responsibility to workers required by labor and employment
18 laws.

19 (d) Construction is an industry with extraordinary labor market
20 fissuring, with layers upon layers of contractors, subcontractors, labor
21 brokers, staffing agencies, etc. This incentivizes wage theft by favoring
22 inexpensive subcontractors. It also creates barriers to wage recovery
23 because undercapitalized subcontractors can't or won't pay wages.

24 (e) Due in part to these practices, workers in the construction
25 industry are disproportionately likely to experience wage theft. Federal
26 Department of Labor, Wage and Hour Division data show that Colorado's
27 construction industry has double the number of wage theft violations that
28 it should have in proportion to the number of workers in the industry.
29 This is consistent with Colorado Department of Labor and Employment
30 data showing that while only 7% of Colorado workers are in construction,
31 construction workers make up 17% of administrative wage theft
32 complaints that are found valid after a full agency investigation.

33 (f) Federal data also show that in fiscal years 2022 and 2023, the
34 construction industry saw the highest dollar amount of wage theft of any
35 industry, totaling over \$35 million in federal fiscal year 2023 alone. In
36 addition, the construction industry has among the highest number of
37 individual workers who are victims of wage theft.

38 (g) To effectively combat wage theft in the construction industry,
39 the state needs a tailored solution to ensure not only that workers have
40 substantive legal protection against wage theft, but also that the state has

1 the right alignment of business incentives to prevent wage theft before it
2 happens and the right access to capital to ensure that workers can recover
3 stolen wages;

4 (h) Creating general contractor accountability for wage theft
5 committed on their projects by a subcontractor at any tier provides such
6 a tailored solution. Such accountability will enlist general contractors in
7 the fight against wage theft, incentivize engagement with law-abiding
8 subcontractors who pay their workers correctly, and encourage general
9 contractors to root out bad actors who underbid for contracts knowing
10 they will make up the difference by denying their workers the wages they
11 earned.

12 (i) While creating general contractor liability for wage claims, this
13 act will also ensure that general contractors can efficiently seek
14 reimbursement from subcontractor employers for any amounts paid out
15 for wage claims owed to the subcontractors' employees. In this way, the
16 act will ensure that workers get paid, but will not leave general
17 contractors on the hook for a subcontractor's wage debts.

18 (j) This act narrowly focuses on general contractor liability for
19 wage debts owed to the workers on their projects who were engaged by
20 the general contractor's subcontractors at any tier. Such liability does not
21 extend to wage debts owed to the workers of general contractor suppliers
22 or other business partners. Also, liability for debts owed based on a wage
23 claim or investigation does not include liability for a subcontractor's
24 retaliatory acts.

25 (k) This act does not alter the division of labor standards and
26 statistics' existing obligation to treat a notice of citation or a notice of
27 assessment issued to an employer for a violation of wage law as a public
28 record pursuant to section 8-1-115 (1)(b), Colorado Revised Statutes, and
29 does not require the additional publication of a notice of citation or a
30 notice of assessment issued to a general contractor that is not the
31 employer of an employee who is the victim of wage theft;

32 (l) With this act, Colorado hopes not only to ensure that workers
33 get paid their legally earned wages, but also to partner with the many
34 general contractors who are abiding by the law and want to ensure all
35 workers on their job sites are paid in full and on time; and

36 (m) Therefore, the general assembly declares that wage theft is an
37 unacceptable business practice, and the state should use or adopt all
38 available tools to prevent wage theft before it happens and give workers
39 the means to recover stolen wages.".

40 Renumber succeeding sections accordingly.

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