2014 -- S 3035 SUBSTITUTE A AS AMENDED

LC005755/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

AN ACT

RELATING TO STATE AFFAIRS AND GOVERNMENT - UNDERGROUND ECONOMY AND EMPLOYEE MISCLASSIFICATION ACT

<u>Introduced By:</u> Senators McCaffrey, Goodwin, DaPonte, Ruggerio, and Miller

Date Introduced: May 28, 2014

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1	SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND
2	GOVERNMENT" is hereby amended by adding thereto the following chapter:
3	CHAPTER 155
4	UNDERGROUND ECONOMY AND EMPLOYEE MISCLASSIFICATION ACT
5	42-155-1. Short Title This chapter shall be known as the "Underground Economy and
6	Employee Misclassification Act".
7	42-155-2. Declaration of purpose (a) The general assembly finds and declares that
8	this state's economy, its workers and its businesses are harmed by the existence of an illegal
9	underground economy in which individuals and businesses conceal their activities from
10	government licensing, regulatory and taxing authorities. The underground economy, and in
11	particular, the practice of employee misclassification:
12	(1) Exploits vulnerable workers and deprives them of legal benefits and protections;
13	(2) Gives unlawful businesses an unfair competitive advantage over lawful businesses by
14	illegally driving down violators' taxes, wages, and other overhead costs;
15	(3) Defrauds the government of substantial tax revenues; and
16	(4) Harms consumers who suffer at the hands of unlicensed businesses that fail to
17	maintain minimum levels of skills and knowledge.
18	(b) The creation of a task force has proven to be an effective mechanism for enhancing

interagency cooperation and information sharing. 42-155-3. Task Force (a) There is hereby established a task force on the underground
12-155-3 Took Farce (a) There is hereby established a tack force on the underground
42-133-3. Task Porce (a) There is hereby established a task force on the underground
economy and employee misclassification. The task force shall consist of the following members
or their designees:
(1) The director of labor and training, or designee;
(2) The tax administrator, or designee;
(3) The director of business regulations, or designee;
(4) The head of the workforce regulation and safety division, or designee;
(5) The attorney general, or designee;
(6) The commissioner of the department of public safety, or designee; and
(7) The chief judge of the workers' compensation court, or designee.
(b) The director of labor and training shall chair the task force.
42-155-4. Duties and Responsibilities. – The task force shall coordinate joint efforts to
combat the underground economy and employee misclassification. The task force shall:
(a) Foster voluntary compliance with the law by educating business owners and
employees about applicable requirements;
(b) Protect the health, safety and benefit rights of workers; and
(c) Restore competitive equality for law-abiding businesses.
42-155-5. Sharing of Information Notwithstanding any other law or regulation to the
contrary, the task force shall facilitate timely information sharing between and among task force
members, including the establishment of protocols by which participating agencies will advise or
refer to other agencies matters of potential interest.
44-155-6. Annual Report No later than March 15, 2015, and every March 15
thereafter, the task force shall submit a report to the governor and the chairpersons of the house
finance committee and senate finance committee summarizing the task force's activities during
the preceding year. The report shall, without limitation:
(a) Describe the task force's efforts and accomplishments during the year;
(b) Identify any administrative or legal barriers impeding the more effective operation of
the task force, including any barriers to information sharing or joint action; and
(c) Propose appropriate administrative, legislative, or regulatory changes to strengthen
the task force's operations and reduce or eliminate any barriers to those efforts.

1 SECT	ION 2. The	act shall t	ake effect	upon	passage.
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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

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RELATING TO STATE AFFAIRS AND GOVERNMENT - UNDERGROUND ECONOMY AND EMPLOYEE MISCLASSIFICATION ACT

1	This act would establish a task force to investigate and seek out underground economy
2	and employee misclassification. The task force would foster voluntary compliance with the law
3	by educating business owners and employees about applicable requirements concerning
4	classification of employees.
5	The act would take effect upon passage.
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