

**ARTICLE 8 AS AMENDED**

RELATING TO UNDERGROUND ECONOMY AND EMPLOYEE MISCLASSIFICATION  
ACT

SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND GOVERNMENT" is hereby amended by adding thereto the following chapter:

CHAPTER 156

UNDERGROUND ECONOMY AND EMPLOYEE MISCLASSIFICATION ACT

**42-156-1. Short Title.** -- This chapter shall be known as the "Underground Economy and Employee Misclassification Act".

**42-156-2. Declaration of purpose.** -- The general assembly finds and declares that this state's economy, its workers and its businesses are harmed by the existence of an illegal underground economy in which individuals and businesses conceal their activities from government licensing, regulatory and taxing authorities. The underground economy and, in particular, the practice of employee misclassification:

(a) exploits vulnerable workers and deprives them of legal benefits and protections;

(b) gives unlawful businesses an unfair competitive advantage over lawful businesses by illegally driving down violators' taxes, wages, and other overhead costs;

(c) defrauds the government of substantial tax revenues; and

(d) harms consumers who suffer at the hands of unlicensed businesses that fail to maintain minimum levels of skills and knowledge.

The creation of a task force has proven to be an effective mechanism for enhancing interagency cooperation and information sharing.

**42-156-3. Task Force.**-- 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:

(a) the director of labor and training or designee;

(b) the tax administrator or designee;

(c) the director of business regulation or designee;

(d) the head of the workforce regulation and safety division or designee;

(e) the attorney general or designee;

1 (f) the commissioner of the department of public safety or designee; and

2 (g) Chief Judge of the Workers' Compensation Court or designee.

3 The director of labor and training shall chair the Task Force.

4 **42-156-4. Duties and Responsibilities.** -- The Task Force shall coordinate joint efforts to  
5 combat the underground economy and employee misclassification. The Task Force shall:

6 (a) Foster voluntary compliance with the law by educating business owners and  
7 employees about applicable requirements;

8 (b) Protect the health, safety and benefit rights of workers; and

9 (c) Restore competitive equality for law-abiding businesses.

10 **42-156-5. Sharing of Information.** -- Notwithstanding any other law or regulation to the  
11 contrary, the Task Force shall facilitate timely information sharing between and among Task  
12 Force members, including the establishment of protocols by which participating agencies will  
13 advise or refer to other agencies matters of potential interest.

14 **44-156-6. Annual Report.**-- No later than March 15, 2015 and every March 15<sup>th</sup>  
15 thereafter, the Task Force shall submit a report to the governor and the chairpersons of the house  
16 finance committee and senate finance committee summarizing the Task Force's activities during  
17 the preceding calendar year. The report shall, without limitation:

18 (a) Describe the Task Force's efforts and accomplishments during the year;

19 (b) Identify any administrative or legal barriers impeding the more effective operation of  
20 the Task Force, including any barriers to information sharing or joint action; and

21 (c) Propose appropriate administrative, legislative, or regulatory changes to strengthen  
22 the Task Force's operations and reduce or eliminate any barriers to those efforts.

23 SECTION 2. The article shall take effect upon passage.