



## Legislation Text

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Authorizing the Committee on Labor and Civil Service to hold hearings to examine the enforcement of building and construction code requirements, Licenses and Inspections inspector caseload and inspector staffing ratios, and the City's response to worker misclassification, also known as payroll fraud.

WHEREAS, The construction industry is one of the industries with the highest rates of reported workplace injury and fatality. Furthermore, construction worker injuries and illnesses continue to be severely underreported. When construction sites are not safe and work is not being performed to code, the public is at risk of property damage, physical injury, and death; and

WHEREAS, The International Building and Construction Codes, Philadelphia Codes governing construction, excavation, and demolition and the requirements established by the Occupational Safety and Health Administration are in place to prevent unnecessary damage to property, injuries to workers and the public, and fatalities; and

WHEREAS, The Department of Licenses & Inspections (L&I) is duty-bound to enforce the City's codes for the safe and lawful construction and use of buildings. Building and Construction Code Inspectors are responsible for conducting building inspections for all permitted activities and for patrolling construction activity to ensure that all projects are permitted, and that safety precautions are followed; and

WHEREAS, Over the years, L&I has been given more and more responsibility while facing flat funding. L&I's mission statement is to "enforce the City's codes for the safe and lawful construction and use of buildings." But L&I's enforcement efforts have been expanded greatly beyond its mission statement. L&I needs additional funding so that it can achieve its core mission, but also so that it can address quality-of-life issues such as securing abandoned buildings and addressing nuisance businesses; and

WHEREAS, Experienced construction inspectors are a scarce resource, and recruiting and training new inspectors is a lengthy and challenging process. With regards to construction specifically, the City of Philadelphia is not adequately investing in building and construction code enforcement or addressing the critical shortages in inspectors. The City of Philadelphia's failures have resulted in widespread violations of the critical safety-related code by unscrupulous contractors, developers, and property owners, who prioritize profits over people; and

WHEREAS, Some contractors and developers routinely misclassify their workforce, ignore critical life safety code requirements, and put the public and construction workers at risk without repercussions from the code officials tasked with keeping Philadelphians safe; and

WHEREAS, Worker misclassification, also known as payroll fraud, is a practice whereby employers deliberately miscategorize employees as independent contractors. The misclassification of workers is not unique to the construction industry; it is widespread across many industries. By engaging in worker misclassification, employers avoid paying for overtime and employee benefits, leaving working families with little recourse. Employers are also able to skirt payroll and wage taxes under these circumstances, which both

shifts the burden of those taxes to businesses and individuals that operate honestly and in compliance with the law and also causes the City to miss out on much needed revenue. Furthermore, because unscrupulous actors are able to avoid a variety of taxes and other costs, businesses engaged in these practices may have an unfair advantage over honest operators in bidding for contracts; and

WHEREAS, Unless and until we have a firm understanding of just how pervasive the lack of enforcement of construction code enforcement is, and how widespread worker misclassification is, we will not have an accurate sense of how many more L&I inspectors are needed to adequately address these issues; now therefore be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That it hereby authorizes the Committee on Labor and Civil Service to hold hearings to examine the enforcement of building and construction code requirements, Licenses and Inspections inspector caseload and inspector staffing ratios, and the City's response to worker misclassification, also known as payroll fraud.