

WHEREAS, far too often, construction contractors commit tax, insurance, and workers' compensation fraud, which endangers workers and the public, deprives residents and their families of income, and robs federal, state, and local governments of much-needed tax revenue to invest in infrastructure, public safety, and schools; and,

WHEREAS, fraudulent construction companies regularly use subcontractors or labor brokers to screen themselves from responsibility, pay workers in cash to avoid taxes, and decrease their labor costs, and these illegal practices unfortunately can enable these corrupt contractors to outbid honest and fair companies, causing a cycle of lost wages, decreased tax revenue, and unsafe and hazardous work sites; and,

WHEREAS, when construction companies commit tax, insurance, and workers' compensation fraud to maximize their profits, workers are more likely to be injured or die on a job site; and,

WHEREAS, the United Brotherhood of Carpenters (UBC) estimates that wage theft, which usually occurs in conjunction with tax, insurance, and workers' compensation fraud, robs workers and their families of a staggering \$8 billion annually; and,

WHEREAS, according to the UBC, federal, state, and local governments lose out on at least \$8.4 billion in tax revenue annually due to unfair labor practices and corrupt business dealings by construction contractors, and the Commonwealth of Pennsylvania alone has lost \$200 million in tax revenue due to this criminal activity; and,

WHEREAS, initiated by Councilman Corey O'Connor and the Peduto Administration, the Joint Task Force on Construction Industry Fraud, which was comprised of representatives from City and State governments, law enforcement agencies, and labor unions, issued recommendations to address this deadly, dangerous, illegal, and unfair issue impacting Pittsburgh's workers and communities; and,

WHEREAS, as Pittsburgh's construction industry continues to grow and as more neighborhoods are experiencing investment, it is imperative that the City of Pittsburgh take action to crack down on construction industry fraud, protect workers' safety and livelihoods, and support honest construction contractors.

NOW, THEREFORE, I, William Peduto, Mayor of the City of Pittsburgh, by the virtue of the authority vested in me by the City Charter and laws of the City of Pittsburgh do hereby direct the following actions:

1. The City of Pittsburgh Departments of Permits, Licenses, and Inspections and Finance shall convene a committee with representatives of the Master Builders' Association of Western Pennsylvania, NAIOP Pittsburgh, Builders Guild of

Western Pennsylvania, the American Institute of Architects-Pittsburgh Chapter, Pittsburgh Building Trades, and the Chairperson of the City of Pittsburgh Joint Task Force on Construction Industry Fraud.

- a. The committee shall be charged with crafting language to define the term “construction contractor” in the Pittsburgh City Code, promote workers’ safety, combat construction industry fraud, uplift law-abiding and fair contractors, and create more accountable and transparent construction development processes.
 - b. The committee shall be structured in a manner that encourages these industry professionals and labor leaders to work together on an ongoing basis in order to continually improve and expedite construction development processes, promote worker safety, and boost accountability and transparency.

2. The Department of Permits, Licenses, and Inspections shall work to list the names of all construction contractors on the City of Pittsburgh’s BuildingEye website, or a similar, publicly accessible website or web-based program, to enhance transparency and accountability, discourage the dishonest use of subcontractors to avoid paying taxes and commit fraud, and shine a light on companies that are involved in construction projects throughout Pittsburgh.