

1 STATE OF OKLAHOMA

2 1st Session of the 54th Legislature (2013)

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL 519

6 By: Standridge

7 COMMITTEE SUBSTITUTE

8 An Act relating to contractors; amending 68 O.S.
9 2011, Sections 1701.1, 1704, and Section 1, Chapter
10 351, O.S.L. 2012 (68 O.S. Supp. 2012, Section 1708),
11 which relate to employer identification numbers,
12 failure to give surety bond, and public bid
13 contractors; modifying requirements for certain
14 contractors relating to proof of identification
15 numbers and workers' compensation policy; specifying
16 certain requirement for policy; providing certain
17 fine for failure to provide information; providing an
18 effective date; and declaring an emergency.

19 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

20 SECTION 1. AMENDATORY 68 O.S. 2011, Section 1701.1, is
21 amended to read as follows:

22 Section 1701.1. A. All ~~resident and nonresident~~ contractors as
23 defined in Section 1701 of this title shall ~~have in their possession~~
24 be able to prove that they have current employer identification
25 numbers issued to them by the Oklahoma Tax Commission, the Oklahoma
26 Employment Security Commission, the Internal Revenue Service, and
27 the Social Security Administration, and a workers' compensation

1 policy. Any workers' compensation policy for a nonresident
2 contractor shall show "Oklahoma" or "All States" for Other States
3 Insurance on Section 3C of the policy. Each contractor shall be
4 responsible for maintaining his or her own payroll reports and
5 records including reports and records required by the Oklahoma Tax
6 Commission, the Oklahoma Employment Security Commission, the
7 Internal Revenue Service, and the Social Security Administration.
8 No contractor shall be required to keep payroll records or make any
9 other report for any other contractor.

10 B. Owners, lessees, or renters awarding a contract shall not be
11 required to ascertain if a contractor has complied with the
12 provisions of subsection A of this section or be responsible for a
13 contractor's reports, records, or be liable for any penalty
14 resulting from the contract.

15 C. Any contractor who violates or does not comply with the
16 provisions of subsection A of this section shall be liable for any
17 unpaid taxes and wages resulting from ~~his~~ the contract in addition
18 to the penalties provided in Section 1707 of ~~Title 68 of the~~
19 ~~Oklahoma Statutes~~ this title. The failure of a contractor to comply
20 with the provisions of subsection A of this section shall neither
21 present any liability or responsibility for any unpaid taxes, wages,
22 or penalties resulting from ~~his~~ the contract upon any other
23 contractor nor shall any future contracts of ~~said~~ the contractor be
24

1 impaired because of ~~his~~ a failure to comply with the provisions of
2 subsection A of this section on a prior contract.

3 D. Subsection A of this section shall not apply ~~where~~ if a
4 contract for an entire project requires the services of less than
5 three employees. A resident contractor shall not be required to
6 comply with the provisions of subsection A of this section in the
7 construction of a single family dwelling when the total cost of the
8 project is less than the average sales price of a single family
9 dwelling in this state as set each year by the National Association
10 of Home Builders. This subsection shall not be construed to exempt
11 any person of any tax liabilities or other requirements provided for
12 by law.

13 SECTION 2. AMENDATORY 68 O.S. 2011, Section 1704, is
14 amended to read as follows:

15 Section 1704. Every contractor ~~failing to give notice as~~
16 ~~required by this article or to execute the~~ shall provide the
17 information required in subsection A of Section 1701.1 of this title
18 and shall provide proof of the executed bond herein provided
19 required by Section 1703 of this title if required, before beginning
20 the performance of any such signing the contract, shall be denied
21 the right to perform such contract until he complies with such
22 requirement. Any contractor failing to provide the required
23 information is subject to a fine imposed by the Oklahoma Tax
24 Commission in an amount not to exceed ten percent (10%) of the

1 contractor's total bid, which shall be in addition to any other
2 penalties allowed by law.

3 SECTION 3. AMENDATORY Section 1, Chapter 351, O.S.L.
4 2012 (68 O.S. Supp. 2012, Section 1708), is amended to read as
5 follows:

6 Section 1708. A. All contractors ~~submitting a written bid as~~ as
7 defined in Section 1701 of this title signing any contract to
8 provide materials or labor on a public construction project ~~offered~~
9 ~~for bid~~ in this state shall, upon written request, show proof of
10 documentation required to be in their possession pursuant to Section
11 1701.1 of ~~Title 68 of the Oklahoma Statutes~~ this title.

12 B. Any contractor ~~that~~ who fails to provide proof as required
13 in subsection A of this section, or any contractor ~~that~~ who performs
14 work in this state as a ~~resident or nonresident~~ contractor without
15 registration as required by Section 1701.1 of ~~Title 68 of the~~
16 ~~Oklahoma Statutes~~ this title, shall be fined by the Oklahoma Tax
17 Commission an amount not to exceed ten percent (10%) of the
18 contractor's total bid, which shall be in addition to any other
19 penalties allowed by law.

20 C. Any contractor ~~that~~ who intentionally misclassifies
21 individuals as independent contractors rather than employees for the
22 purpose of affecting procedures and payments relating to withholding
23 and social security, unemployment tax or workers' compensation
24 premiums shall be fined by the Oklahoma Tax Commission an amount not

1 to exceed ten percent (10%) of the contractor's total bid, which
2 shall be in addition to any other penalties allowed by law.

3 SECTION 4. This act shall become effective July 1, 2013.

4 SECTION 5. It being immediately necessary for the preservation
5 of the public peace, health and safety, an emergency is hereby
6 declared to exist, by reason whereof this act shall take effect and
7 be in full force from and after its passage and approval.

8

9 54-1-1481 AS 2/21/2013 11:22:17 AM

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24