



# Ohio Legislative Service Commission

## Bill Analysis

Nick Thomas

### **S.B. 215**

129th General Assembly  
(As Introduced)

**Sens.** Burke, Jordan

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## **BILL SUMMARY**

- Requires that all contracts offered by state agencies for public improvements and services stipulate that the fulfilling contractor verify the work status of the employees used to fulfill the contract and any other employees hired to do work in Ohio over the period of the contract.
- Makes void any such contract that fails to include provisions of that nature.
- Requires the Office of Internal Auditing, under the Office of Budget and Management, to conduct periodic audits to ensure state agency compliance with the bill.
- Requires that state agencies found to be in noncompliance be fined \$1,000 per violation.
- Creates the Employment Compliance Fund and requires that any fines collected under the bill be deposited into the Fund.

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## **CONTENT AND OPERATION**

### **Electronic verification requirements for state contracts**

The bill requires all contracts for public improvements or services offered by state agencies to contain both of the following provisions:

- That the contractor fulfilling the contract use an electronic employment verification system chosen by the Director of Commerce to verify the work status of the contractor's employees;

- That the state agency offering the contract is required to cancel the contract if the contractor does not use the electronic employment verification as required.<sup>1</sup>

Under the bill, a contractor fulfilling state contracts would be required to verify the employment status of employees hired to do work in Ohio during the period of the contract and all employees, regardless of when the employee was hired, assigned to work within Ohio on the contract.<sup>2</sup> The contractor would not be required to verify the employment status of employees that fall outside these parameters. Only contracts offered by state agencies for public improvements and services would be affected. Contracts offered by state agencies for goods and contracts offered by local governments would not be required to include the provisions described above.<sup>3</sup> Under the bill, any contract entered into in violation of this requirement is void. In addition this requirement does not supersede any other requirements that apply to the contract selection process by a state agency.<sup>4</sup>

### **State agency audits**

The bill requires the Office of Internal Auditing, under the Office of Budget and Management, to conduct periodic audits to ensure that state agency contracts include the employment verification provisions described above.<sup>5</sup> Any agency found to be in violation of the bill's requirements must be fined \$1,000 per violation.<sup>6</sup>

The bill creates the Employment Compliance Fund and requires that any fines collected under the bill be deposited into the Fund.<sup>7</sup> The Office must use amounts in the Employment Compliance Fund to pay for the cost of the contract audits required by the bill.<sup>8</sup>

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<sup>1</sup> R.C. 9.52(A) and (B).

<sup>2</sup> R.C. 9.52(B)(1)(a) and (b).

<sup>3</sup> R.C. 9.51(D), (E), and (F).

<sup>4</sup> R.C. 9.52(C) and (D).

<sup>5</sup> R.C. 9.53(A).

<sup>6</sup> R.C. 9.53(B).

<sup>7</sup> R.C. 9.53(C).

<sup>8</sup> R.C. 9.53(C).

## Electronic verification systems

The bill defines "electronic employment verification system" as any electronic system the federal government operates to assist an employer in verifying the identity and legal working status of new or current employees.<sup>9</sup> The U.S. Department of Homeland Security currently offers the E-Verify system, which is free to use for all U.S. employers.

The bill requires the Director of Commerce, within 90 days of the bill's effective date, to select a system as required by the bill. In making the selection, the Director must collaborate with the business community to determine which system is the most efficient, accurate, and user-friendly.<sup>10</sup>

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## HISTORY

ACTION	DATE
Introduced	09-06-11

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<sup>9</sup> R.C. 9.51(C).

<sup>10</sup> Section 3.

