
OLR Bill Analysis

HB 5275

AN ACT CONCERNING A CONTRACTOR'S RESPONSIBILITY FOR UNPAID WAGES ON A CONSTRUCTION CONTRACT.

SUMMARY

For certain construction contracts executed on or after October 1, 2026, this bill makes a construction contractor jointly and severally liable for any unpaid wages owed to a subcontractor's employee working within the contract's scope.

Under the bill, if the subcontractor fails to pay such an employee, either the employee or a labor organization may sue the subcontractor, the contractor, or both. If the contractor is a party in the suit, the employee must give the contractor at least 30 days' advance notice about the subcontractor's alleged violation before suing. The notice must describe the alleged violation's general nature. However, the employee does not have to give this notice if he or she has previously given the contractor notice about the same violation or a prior violation by the same subcontractor. The bill specifies that the notice does not limit the contractor's liability or prevent subsequent amendments to the suit to include more of the subcontractor's employees.

The bill also specifies that it does not prohibit a construction contract between a contractor and subcontractor from including a provision establishing a remedy for any liability created by a subcontractor's nonpayment of wages, as long as it does not (1) diminish an employee's right to bring a lawsuit for unpaid wages or (2) waive or release any liability assigned to the contractor under the bill. Additionally, the bill makes any provision to waive or release liability assigned to the contractor unenforceable.

EFFECTIVE DATE: October 1, 2026

CONTRACTS, CONTRACTORS, AND SUBCONTRACTORS

Under the bill, a “construction contract” is a contract entered into on or after October 1, 2026, for construction, renovation, or rehabilitation in the state, including any improvements to real property associated with it. It includes those contracts between an owner and a contractor, a contractor and a subcontractor, or between subcontractors. It does not include:

1. public works or other contracts by the state, another state, or the federal government or
2. home improvement contracts to build, renovate, or rehabilitate (a) an owner-occupied residence or property where it is located or (b) one- or two-family dwelling units or properties unless there are more than 15 of them at one project site.

Under the bill, “contractors” are business entities, including construction managers, general or prime contractors, joint ventures, or combinations of them, that have a direct contractual relationship with an owner (the owner of record or lessee of real property where the construction, renovation, or rehabilitation will be or is being done).

A “subcontractor” is a business entity that does not have a direct contractual relationship with an owner but:

1. is a party to a construction contract with the contractor;
2. is a party to a construction contract with another subcontractor that has a direct contractual relationship with the contractor; or
3. does any work at any tier within the construction contract’s scope, regardless of whether it has a direct contractual relationship with a contractor.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 9 Nay 4 (03/05/2026)