**Responsible Contractor Law**

Governor Dayton signed the Responsible Contractor bill into law. Although the notion of a “responsible contractor” has been around for a long time it has never been clearly defined. In this new law, which is set to take effect on January 1, 2015, the term has been given certain meaning. This new statute only applies to publicly owned or financed projects where the contract exceeds $50,000.

Under the new § 16C.285, subd. 3, a responsible contractor means a contractor or subcontractor that conforms to the responsibility requirements in the solicitation document for its portion of the work on the project and verifies that it meets the following minimum criteria:

1. The contractor or subcontractor is in compliance with workers’ compensation and unemployment insurance requirements;
2. Is currently registered with the Department of Revenue and the Department of Employment and Economic Development if it has employees;
3. Has a valid federal tax identification number of a valid Social Security number if an individual;
4. Has filed a certificate of authority to transact business in Minnesota with the secretary of state if a foreign corporation or cooperative;
5. The contractor must be in compliance during the last three years with Minnesota’s laws regarding [minimum wage](https://www.revisor.mn.gov/statutes/?id=177.24),[overtime](https://www.revisor.mn.gov/statutes/?id=177.25), [Prevailing Wage Act](http://www.doli.state.mn.us/ls/FaqPrevWage.asp), [prompt payment of wages](https://www.revisor.mn.gov/statutes/?id=181.13), [misrepresentation of employment](https://www.revisor.mn.gov/statutes/?id=181.722), or United States code regarding the [Fair Labor Standards Act](http://www.dol.gov/whd/flsa/) or the [Davis-Bacon Act](http://www.dol.gov/whd/govcontracts/dbra.htm);
6. Have not violating any municipality’s requirements for payment of wages;
7. In the preceding three year period the contractor has not violated [Minn. Stat. § 181.723](https://www.revisor.mn.gov/statutes/?id=181.723), which pertains to independent contractors and registration or [Minnesota Chapter 326B](https://www.revisor.mn.gov/statutes/?id=326B) regarding construction codes and licensing;
8. The contractor has not operated under false names or fronts as a small business, a socially or economically disadvantaged small business or failed to meet applicable government agency established disadvantaged business enterprise goals due to lack of good faith effort;
9. The contractor is not currently debarred by the federal government or the state is currently not ineligible to be awarded a construction contract by a contracting authority; and
10. All subcontractors hired by the contractor verifies through a signed statement that they meet the minimum criteria listed above.

Lastly, contractors must sign a statement that they meet these new standards. If a contractor makes a false statement the contract can be revoked. Through these requirements, the new law hopes to diminish the number of unscrupulous bidders who were being awarded public contracts and allow for honest contractors to know that everyone is held to the same standard.