

115TH CONGRESS
1ST SESSION

H. R. 2275

To require employers to provide pay stubs, codify the Executive order relating to Government contracting, provide greater oversight of executive compensation and restrictions on sales of stocks, clarify the definition of a supervisor, and enhance penalties for violations of workforce safety and standards.

IN THE HOUSE OF REPRESENTATIVES

MAY 1, 2017

Mr. POLIS introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committees on Financial Services, and Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To require employers to provide pay stubs, codify the Executive order relating to Government contracting, provide greater oversight of executive compensation and restrictions on sales of stocks, clarify the definition of a supervisor, and enhance penalties for violations of workforce safety and standards.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Giving Workers a Fair
3 Shot Act”.

4 **SEC. 2. TABLE OF CONTENTS.**

5 The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

TITLE I—EMPLOYER TRANSPARENCY

Sec. 101. Pay stub provision requirement.

Sec. 102. Enforcement.

Sec. 103. Effective date.

TITLE II—THE RE-EMPOWERMENT OF SKILLED AND PROFESSIONAL EMPLOYEES AND CONSTRUCTION TRADEWORKERS

Sec. 201. Definition of supervisor.

TITLE III—ADEQUATE LABOR LAW PUNISHMENT AND PENALTIES

Sec. 301. Penalty enhancements.

TITLE IV—FIRST CONTRACT ARBITRATION

Sec. 401. Facilitating initial collective bargaining agreements.

TITLE V—SHAREHOLDER EMPOWERMENT AND EXECUTIVE RESPONSIBILITY

Sec. 501. Shareholder votes on executive compensation.

Sec. 502. CEO and chairman of the board of directors required to be different individuals.

Sec. 503. Extension of certain requirements for directors and officers.

TITLE VI—PREVENTION OF TAXPAYER DOLLARS BEING USED FOR LABOR BUSTING

Sec. 601. Limitation on the allowability of costs.

TITLE I—EMPLOYER TRANSPARENCY

SEC. 101. PAY STUB PROVISION REQUIREMENT.

Section 11 of the Fair Labor Standards Act of 1938 (29 U.S.C. 211) is amended by adding at the end the following new subsection:

“(e) Every employer subject to subsection (c) shall provide to each employee, in conjunction with each payment of compensation to that employee, a document itemizing—

“(1) the total hours worked during the pay period;

“(2) the total pay during the pay period;

“(3) the hourly rate of pay, or—

“(A) if the employee is paid a salary, the hourly equivalent rate of pay;

“(B) if the employee is paid a piece rate, the number of piece rate units earned, the applicable piece rate, and total amount paid in accordance with such piece rate; or

“(C) if the employee receives commissions or is paid on the basis of any other type of rate, the total amount paid in such commissions or in accordance with such rate;

1 “(4) the total amount and rate of any overtime
2 pay or, in the case of an employee employed at piece
3 rate, the piece rate paid for each such overtime
4 hour;

5 “(5) the total amounts of earned, used, and
6 available paid leave, and any expiration dates associ-
7 ated with such leave;

8 “(6) the source and amount of each deduction
9 from total pay, including an indication of whether
10 such deduction is taxable or non-taxable;

11 “(7) whether the employee is—

12 “(A) exempt from the minimum wage re-
13 quirements under section 6(a);

14 “(B) exempt from the overtime require-
15 ments under section 7; and

16 “(C) if applicable, considered by the em-
17 ployer to be an executive, administrative, pro-
18 fessional, or outside sales employee; and

19 “(8) such additional information relating to
20 such compensation that the Secretary may require.”.

21 **SEC. 102. ENFORCEMENT.**

22 Section 16(e)(2) of the Fair Labor Standards Act of
23 1938 (29 U.S.C. 216(e)(2)) is amended—

24 (1) by striking “(2) Any person” and inserting

25 “(2)(A) Any person”; and

1 (2) by adding at the end the following new sub-
2 paragraph:

3 “(B) Any person who violates the provisions of sec-
4 tion 11(e) of this Act shall be subject to a civil penalty
5 of—

6 “(i) not more than \$1,000 per day the docu-
7 ment is not provided to the employee; or

8 “(ii) not more than \$100 per day the person
9 fails to provide a new document to the employee
10 that—

11 “(I) contains any item or items described
12 in paragraphs (1) through (8) of that sub-
13 section that was missing in the document as
14 originally provided; or

15 “(II) corrects any such item or items that
16 was incorrect as originally provided.”.

17 **SEC. 103. EFFECTIVE DATE.**

18 The amendments made by this title shall take effect
19 with respect to compensation paid after the date that is
20 1 year after the date of the enactment of this Act.

1 **TITLE II—THE RE-EMPOWER-**
 2 **MENT OF SKILLED AND PRO-**
 3 **FESSIONAL EMPLOYEES AND**
 4 **CONSTRUCTION TRADEWORK-**
 5 **ERS**

6 **SEC. 201. DEFINITION OF SUPERVISOR.**

7 Section 2(11) of the National Labor Relations Act
 8 (29 U.S.C. 152(11)) is amended—

9 (1) by inserting “and for a majority of the indi-
 10 vidual’s worktime” after “interest of the employer”;

11 (2) by striking “assign,”; and

12 (3) by striking “or responsibility to direct
 13 them,”.

14 **TITLE III—ADEQUATE LABOR**
 15 **LAW PUNISHMENT AND PEN-**
 16 **ALTIES**

17 **SEC. 301. PENALTY ENHANCEMENTS.**

18 (a) NATIONAL LABOR RELATIONS ACT.—

19 (1) BACKPAY.—Section 10(c) of the National
 20 Labor Relations Act (29 U.S.C. 160(c)) is amended
 21 by striking “*And provided further,*” and inserting
 22 “*Provided further,* That if the Board finds that an
 23 employer has committed a violation of section 8(a)
 24 that results in the discharge of an employee or other
 25 serious economic loss to an employee, the Board

1 shall award the employee back pay and an additional
 2 amount as liquidated damages equal to 2 times the
 3 amount of such back pay, without any reduction (in-
 4 cluding any reduction based on the employee's in-
 5 terim earnings or failure to earn interim earnings):
 6 *Provided further,*”.

7 (2) PENALTY FOR INTERFERING WITH THE NA-
 8 TIONAL LABOR RELATIONS BOARD.—Section 12 of
 9 the National Labor Relations Act (29 U.S.C. 162)
 10 is amended by striking all that follows “shall be”
 11 and inserting “fined under title 18, United States
 12 Code, or imprisoned for not more than three years,
 13 or both.”.

14 (b) FAIR LABOR STANDARDS ACT.—Section 16(a) of
 15 the Fair Labor Standards Act of 1938 (29 U.S.C. 216(a))
 16 is amended—

17 (1) by striking “not more than six months” and
 18 inserting “not more than three years”; and

19 (2) by striking “except for an offense” and in-
 20 serting “except for an offense: that denies an em-
 21 ployee more than \$1,000 in minimum wages or over-
 22 time compensation, or both, in a 12-month period;
 23 that subjects such person to a civil penalty under
 24 subsection (e)(1)(A)(ii); or that is”.

25 (c) OCCUPATIONAL SAFETY AND HEALTH ACT.—

1 (1) VIOLATION CAUSING OR SIGNIFICANTLY
2 CONTRIBUTING TO SERIOUS ILLNESS, SERIOUS IN-
3 JURY, OR DEATH TO EMPLOYEE.—Section 17(e) of
4 the Occupational Safety and Health Act of 1970 (29
5 U.S.C. 666(e)) is amended—

6 (A) by striking “willfully” and inserting
7 “knowingly”;

8 (B) by striking “caused death to” and in-
9 serting “causes or significantly contributes to
10 the serious illness or serious injury (as those
11 terms are defined in section 519(b)(6) of the
12 Federal Food, Drug, and Cosmetic Act) or
13 death, of”;

14 (C) by striking “punished by a fine of not
15 more than \$10,000 or by imprisonment for not
16 more than six months, or by both” and insert-
17 ing “fined under title 18, United States Code,
18 or imprisoned for not more than 10 years, or
19 both”; and

20 (D) by striking “such person, punishment
21 shall be by a fine of not more than \$20,000 or
22 by imprisonment for not more than one year, or
23 by both” and inserting “such employer, the em-
24 ployer shall be fined under title 18, United

1 States Code, or imprisoned for not more than
2 20 years, or both”.

3 (2) PENALTY FOR DISCHARGE OR DISCRIMINA-
4 TION AGAINST EMPLOYEE FOR EXERCISE OF
5 RIGHTS.—Section 17 of the Occupational Safety and
6 Health Act of 1970 (29 U.S.C. 666) is amended by
7 adding at the end the following:

8 “(m) PENALTIES FOR DISCHARGE OR DISCRIMINA-
9 TION AGAINST EMPLOYEE FOR EXERCISE OF RIGHTS.—
10 In addition to any disposition under section 11(c), any em-
11 ployer who violates section 11(c)(1) shall be punished as
12 follows:

13 “(1) FIRST VIOLATION.—For the first such vio-
14 lation, the employer shall be fined not more than
15 \$50,000.

16 “(2) SECOND OR SUBSEQUENT VIOLATION.—If
17 the employer commits such a violation after receiv-
18 ing a penalty under paragraph (1), the employer
19 shall be fined not less than \$20,000 and not more
20 than \$200,000.

21 “(3) VIOLATION CAUSING OR SIGNIFICANTLY
22 CONTRIBUTING TO SERIOUS ILLNESS, SERIOUS IN-
23 JURY, OR DEATH.—Paragraphs 1 and 2 notwith-
24 standing, if such violation causes or significantly
25 contributes to a serious illness or serious injury (as

1 those terms are defined in section 519(b)(6) of the
2 Federal Food, Drug, and Cosmetic Act (21 U.S.C.
3 360i)) or death, the employer shall be fined under
4 title 18, United States Code, or imprisoned for not
5 more than 10 years, or both.”.

6 (d) MIGRANT AND SEASONAL AGRICULTURAL WORK-
7 ER PROTECTION ACT.—Section 501 of the Migrant and
8 Seasonal Agricultural Worker Protection Act (29 U.S.C.
9 1851) is amended—

10 (1) in subsection (a) by striking “not more than
11 \$1,000 or sentenced to prison for a term not to ex-
12 ceed one year, or both” and inserting “under title
13 18, United States Code, or imprisoned for not more
14 than three years, or both”; and

15 (2) in subsection (b) by striking “not more than
16 \$10,000 or sentenced to prison for a term not to ex-
17 ceed three years, or both” and inserting “under title
18 18, United States Code, or imprisoned for not more
19 than six years, or both”.

20 (e) FEDERAL MINE SAFETY AND HEALTH ACT.—
21 Section 110(d) of the Federal Mine Safety and Health Act
22 of 1977 (30 U.S.C. 820(d)) is amended to read as follows:

23 “(d) CRIMINAL PENALTIES.—

24 “(1) IN GENERAL.—Whoever, being an oper-
25 ator, knowingly—

1 “(A) violates a mandatory health or safety
2 standard, or

3 “(B) violates or fails or refuses to comply
4 with any order issued under section 104 or sec-
5 tion 107, or any order incorporated in a final
6 decision issued under this Act (except an order
7 incorporated in a decision under subsection
8 (a)(1) or section 105(c)),

9 shall, upon conviction, be fined not more than
10 \$250,000, or imprisoned for not more than 1 year,
11 or both, except that if the operator commits the vio-
12 lation after having been previously convicted of a
13 violation under this paragraph and if, the operator
14 knows or has reason to know that such subsequent
15 violation has the potential to expose a miner to risk
16 of serious injury, serious illness, or death, the oper-
17 ator shall, upon conviction, be fined not more than
18 \$1,000,000, or imprisoned for not more than 5
19 years, or both.

20 “(2) SIGNIFICANT RISK OF SERIOUS INJURY,
21 SERIOUS ILLNESS, OR DEATH.—Whoever, being an
22 operator, knowingly—

23 “(A) tampers with or disables a required
24 safety device (except with express authorization
25 from the Secretary),

1 “(B) violates a mandatory health or safety
2 standard, or

3 “(C) violates or fails or refuses to comply
4 with an order issued under section 104 or 107,
5 or any order incorporated in a final decision
6 issued under this Act (except an order incor-
7 porated in a decision under subsection (a)(1) or
8 section 105(c)),

9 and thereby recklessly exposes a miner to significant
10 risk of serious injury, serious illness, or death, shall,
11 upon conviction, be fined not more than \$1,000,000
12 or imprisoned for not more than 5 years, or both,
13 except that if the operator commits the violation
14 after having been previously convicted of a violation
15 under this paragraph, the operator shall, upon con-
16 viction, be fined not more than \$2,000,000, or im-
17 prisoned for not more than 10 years, or both.

18 “(3) CRIMINAL PENALTIES FOR RETALIA-
19 TION.—Whoever knowingly—

20 “(A) with the intent to retaliate, interferes
21 with the lawful employment or livelihood of a
22 person, or the spouse, sibling, child, or parent
23 of a person, because any of them provides infor-
24 mation to an authorized representative of the
25 Secretary, to a State or local mine safety or

health officer or official, or to other law enforcement officer, in reasonable belief that the information is true and related to an apparent health or safety violation, or to an apparent unhealthful or unsafe condition, policy, or practice under this Act, or

“(B) interferes, or threatens to interfere, with the lawful employment or livelihood of a person, or the spouse, sibling, child, or parent of a person, with the intent to prevent any of them from so providing such information,

shall be fined under title 18 or imprisoned for not more than 5 years, or both.”.

TITLE IV—FIRST CONTRACT ARBITRATION

SEC. 401. FACILITATING INITIAL COLLECTIVE BARGAINING AGREEMENTS.

Section 8 of the National Labor Relations Act (29 U.S.C. 158) is amended by adding at the end the following:

“(h) Whenever collective bargaining is for the purpose of establishing an initial agreement following certification or recognition, in lieu of subsection (d), the following shall apply:

1 “(1) Not later than 10 days after receiving a
2 written request for collective bargaining from an in-
3 dividual or labor organization that has been newly
4 organized or certified as a representative as de-
5 scribed in section 9(a), or within such further period
6 as the parties agree upon, the parties shall meet and
7 commence to bargain collectively and shall make
8 every reasonable effort to conclude and sign a collec-
9 tive bargaining agreement.

10 “(2) If after the expiration of the 90-day period
11 beginning on the date on which bargaining is com-
12 menced, or such additional period as the parties may
13 agree upon, the parties have failed to reach an
14 agreement, either party may notify the Federal Me-
15 diation and Conciliation Service of the existence of
16 a dispute and request mediation. Whenever such a
17 request is received, it shall be the duty of the Service
18 promptly to put itself in communication with the
19 parties and to use its best efforts, by mediation and
20 conciliation, to bring them to agreement.

21 “(3) If after the expiration of the 30-day period
22 beginning on the date on which the request for me-
23 diation is made under paragraph (2), or such addi-
24 tional period as the parties may agree upon, the
25 Service is not able to bring the parties to agreement

1 by conciliation, the Service shall refer the dispute to
 2 an arbitration board established in accordance with
 3 such regulations as may be prescribed by the Serv-
 4 ice. The arbitration panel shall render a decision set-
 5 tling the dispute and such decision shall be binding
 6 upon the parties for a period of 2 years, unless
 7 amended during such period by written consent of
 8 the parties.”.

9 **TITLE V—SHAREHOLDER EM-**
 10 **POWERMENT AND EXECUTIVE**
 11 **RESPONSIBILITY**

12 **SEC. 501. SHAREHOLDER VOTES ON EXECUTIVE COM-**
 13 **PENSATION.**

14 (a) ADDITIONAL VOTES REQUIRED IF RESOLUTION
 15 ON COMPENSATION NOT APPROVED BY SHARE-
 16 HOLDERS.—Section 14A(a) of the Securities Exchange
 17 Act of 1934 (15 U.S.C. 78n–1(a)) is amended by adding
 18 at the end the following:

19 “(4) ADDITIONAL VOTES REQUIRED IF RESOLU-
 20 TION ON COMPENSATION NOT APPROVED BY SHARE-
 21 HOLDERS.—

22 “(A) IN GENERAL.—If a resolution re-
 23 quired by paragraph (1) or this subparagraph is
 24 not approved by vote of the shareholders, the
 25 issuer shall call a meeting of the shareholders

1 at which there shall be, separately for each ex-
2 ecutive officer whose compensation was not ap-
3 proved in the earlier vote, a shareholder vote on
4 a separate resolution to approve the compensa-
5 tion disclosed under subparagraph (B) with re-
6 spect to such executive officer.

7 “(B) DISCLOSURE.—The proxy or consent
8 or authorization for a meeting required by sub-
9 paragraph (A) shall disclose—

10 “(i) pursuant to section 229.402 of
11 title 17, Code of Federal Regulations, or
12 any successor thereto, the compensation of
13 each executive officer whose compensation
14 will be subject to approval at such meeting;
15 and

16 “(ii) in a clear and simple form in ac-
17 cordance with regulations to be promul-
18 gated by the Commission, any arrange-
19 ments, whether or not written, that each
20 such executive officer has with the issuer
21 concerning the terms under which any type
22 of compensation may be earned by or
23 awarded to the executive officer, including
24 in the future, unless such arrangements
25 are disclosed under clause (i).

“(C) TIMING OF VOTES.—

“(i) INITIAL VOTE.—The vote on the initial resolution required by subparagraph (A) with respect to an executive officer shall occur not later than the end of the third quarter of the same fiscal year of the issuer in which the vote on the resolution required by paragraph (1) occurs.

“(ii) SECOND VOTE.—If the initial resolution required by subparagraph (A) with respect to an executive officer is not approved by the shareholders, the vote on the second resolution required by such subparagraph with respect to such executive officer shall occur not later than the date that is 90 days after the vote on the initial resolution required by such subparagraph with respect to such executive officer.

“(iii) SUBSEQUENT VOTES.—If the second resolution required by subparagraph (A) with respect to an executive officer, or any subsequent resolution required by such subparagraph with respect to such executive officer, is not approved by the shareholders, the vote on the next resolu-

1 tion required by such subparagraph with
 2 respect to such executive officer shall occur
 3 not later than the date that is 90 days
 4 after the vote on the previous resolution
 5 required by such subparagraph with re-
 6 spect to such executive officer.

7 “(D) INAPPLICABILITY.—Subparagraph
 8 (A) does not apply with respect to an individual
 9 who is no longer an executive officer of the
 10 issuer.”.

11 (b) BINDING EFFECT OF VOTES ON FREQUENCY.—
 12 Section 14A(a)(2) of the Securities Exchange Act of 1934
 13 (15 U.S.C. 78n–1(a)(2)) is amended by adding at the end
 14 the following: “Such votes shall occur not less frequently
 15 than so determined.”.

16 (c) RULES OF CONSTRUCTION.—Section 14A(c) of
 17 the Securities Exchange Act of 1934 (15 U.S.C. 78n–1(c))
 18 is amended—

19 (1) in paragraph (2), by striking the semicolon
 20 and inserting “; or”;

21 (2) in paragraph (3), by striking “; or” and in-
 22 serting a period;

23 (3) by redesignating paragraphs (1) through
 24 (3) as subparagraphs (A) through (C), respectively,

1 and moving the margins of such subparagraphs 2
 2 ems to the right;

3 (4) by striking “RULE OF CONSTRUCTION.—
 4 The shareholder vote referred to in subsections (a)
 5 and (b)” and inserting the following: “RULES OF
 6 CONSTRUCTION.—

7 “(1) IN GENERAL.—Except for the shareholder
 8 vote required by paragraph (2) of subsection (a),
 9 and except for the requirement of paragraph (4) of
 10 such subsection for a shareholder vote on a subse-
 11 quent resolution after failure of a previous resolution
 12 to be approved by the shareholders, a shareholder
 13 vote required by subsection (a) or (b)”;

14 (5) by striking “(4) to restrict or limit” and in-
 15 serting the following:

16 “(2) NO EFFECT ON ABILITY OF SHARE-
 17 HOLDERS TO MAKE PROPOSALS.—A shareholder vote
 18 required by subsection (a) or (b) may not be con-
 19 strued to restrict or limit”.

20 (d) EFFECTIVE DATE.—The amendments made by
 21 this section shall apply to an issuer—

22 (1) with respect to an additional shareholder
 23 vote under paragraph (4) of section 14A(a) of the
 24 Securities Exchange Act of 1934, as added by sub-
 25 section (a) of this section, beginning with the first

1 shareholder vote under paragraph (1) of such section
 2 14A(a) that occurs on or after the date that is 1
 3 year after the date of the enactment of this Act; and
 4 (2) with respect to a shareholder vote under
 5 paragraph (2) of such section 14A(a), beginning
 6 with the first such vote that occurs on or after the
 7 date that is 1 year after the date of the enactment
 8 of this Act.

9 **SEC. 502. CEO AND CHAIRMAN OF THE BOARD OF DIREC-**
 10 **TORS REQUIRED TO BE DIFFERENT INDIVID-**
 11 **UALS.**

12 (a) IN GENERAL.—The Securities Exchange Act of
 13 1934 (15 U.S.C. 78a et seq.) is amended by inserting after
 14 section 39 the following:

15 **“SEC. 40. CEO AND CHAIRMAN OF THE BOARD OF DIREC-**
 16 **TORS REQUIRED TO BE DIFFERENT INDIVID-**
 17 **UALS.**

18 “(a) IN GENERAL.—Except as provided in subsection
 19 (b), an issuer that is required to prepare a proxy state-
 20 ment under section 14(a) may not have the same indi-
 21 vidual simultaneously serving in the position of chief exec-
 22 utive officer (or any equivalent position) of such issuer and
 23 chairman of the board of directors (or any equivalent posi-
 24 tion) of such issuer, and an individual may not simulta-
 25 neously serve in both such positions.

1 “(b) TREATMENT OF SMALL CAPITALIZATION COM-
 2 PANIES.—Subsection (a) shall not apply in the case of a
 3 small capitalization company (as defined by the Commis-
 4 sion by regulation) if, by shareholder vote, the share-
 5 holders elect for such subsection not to apply.”.

6 (b) CONFORMING AMENDMENT.—The Securities Ex-
 7 change Act of 1934 is further amended by striking section
 8 14B.

9 (c) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply beginning on the date that is 2
 11 years after the date of the enactment of this Act.

12 **SEC. 503. EXTENSION OF CERTAIN REQUIREMENTS FOR DI-**
 13 **RECTORS AND OFFICERS.**

14 (a) IN GENERAL.—Section 16 of the Securities Ex-
 15 change Act of 1934 (15 U.S.C. 78p) is amended by adding
 16 at the end the following:

17 “(h) PERSONS CEASING TO BE DIRECTORS OR OFFI-
 18 CERS.—

19 “(1) CONTINUED APPLICABILITY OF REQUIRE-
 20 MENTS.—During the period beginning on the date
 21 on which a person ceases to be a director or officer
 22 described in subsection (a)(1) with respect to an
 23 issuer and ending on the date that is 1 year there-
 24 after, such person shall continue to be subject to
 25 this section (except as provided in paragraph (2)) in

1 the same manner and to the same extent as if such
2 person had not so ceased.

3 “(2) PROHIBITION ON SELLING MORE THAN 25
4 PERCENT OF STOCK OF ISSUER.—If a person ceases
5 to be a director or officer described in subsection
6 (a)(1) with respect to an issuer, such person may
7 not, during the period that begins on the first day
8 of the last full fiscal quarter of the issuer in which
9 such person is such a director or officer and ends on
10 the date that is 1 year after the date on which such
11 person so ceases, sell more than 25 percent of the
12 equity securities of such issuer (other than an ex-
13 empted security) that such person owns on the first
14 day of such period.”.

15 (b) CONFORMING AMENDMENT.—Section 16(d) of
16 the Securities Exchange Act of 1934 (15 U.S.C. 78p(d))
17 is amended by striking “subsection (c)” and inserting
18 “subsections (c) and (h)(2)”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to a person who ceases to be a
21 director or officer described in section 16(a)(1) of the Se-
22 curities Exchange Act of 1934 after the date that is 1
23 year after the date of the enactment of this Act.

1 **TITLE VI—PREVENTION OF TAX-**
2 **PAYER DOLLARS BEING USED**
3 **FOR LABOR BUSTING**

4 **SEC. 601. LIMITATION ON THE ALLOWABILITY OF COSTS.**

5 (a) AMENDMENT.—Chapter 43 of division C of sub-
6 title I of title 41, United States Code, is amended by add-
7 ing at the end the following new section:

8 **“§ 4311. Limitation on the allowability of costs**

9 “(a) IN GENERAL.—Costs incurred by a contractor
10 relating to any covered activity are not allowable as reim-
11 bursable costs under a contract entered into by an execu-
12 tive agency. Such unallowable costs shall be excluded from
13 any billing, claim, proposal, or disbursement applicable to
14 any such contract.

15 “(b) COVERED ACTIVITIES.—For purposes of sub-
16 section (a), a covered activity, with respect to a contract
17 entered into by an executive agency, includes any activity
18 undertaken to persuade employees of the contractor to ex-
19 ercise or not to exercise, or concerning the manner of exer-
20 cising, rights to organize and bargain collectively through
21 representatives of the employees’ own choosing, and in-
22 cludes the following:

23 “(1) Preparing and distributing materials.

24 “(2) Hiring or consulting legal counsel or con-
25 sultants.

1 “(3) Holding meetings (including paying the
2 salaries of the attendees at meetings held for this
3 purpose).

4 “(4) Planning or conducting activities by man-
5 agers, supervisors, or union representatives during
6 work hours.

7 “(c) EXCEPTION.—The costs described in subsection
8 (a) do not include costs of maintaining satisfactory rela-
9 tions between the contractor and its employees, including
10 costs of labor-management committees, employee publica-
11 tions (other than those undertaken to persuade employees
12 to exercise or not to exercise, or concerning the manner
13 of exercising, the right to organize and bargain collec-
14 tively), and other related activities.”.

15 (b) TECHNICAL AND CONFORMING AMENDMENT.—
16 The table of sections at the beginning of chapter 43 of
17 division C of subtitle I of title 41, United States Code,
18 is amended by adding after the item relating to section
19 4310 the following new item:

 “4311. Limitation on the allowability of costs.”.

20 (c) EXISTING FAR APPLICATION.—Section 31.205–
21 21 of title 48, Code of Federal Regulations (relating to
22 labor relations costs), shall be considered to implement the
23 provisions of section 4311 of title 41, United States Code,

1 as added by subsection (a), and may be revised as nec-
2 essary.

○