

March 1, 2023

Chair Murphy, Ranking Minority Member Anderson, and members of the Senate State and Local Government and Veterans Committee:

On behalf of the 29,000 members and family members of the Laborers' International Union of North America (LIUNA) Minnesota and North Dakota, I am writing to express our support for the proposed budget for the Office of the Minnesota Attorney General, specifically the provisions critical to wage theft prevention and enforcement:

- \$1.3 million to hire three additional full-time employees for the Wage Theft Unit
- \$1 million to establish a multi-state litigation expense account that would act as a revolving fund. This would be used to engage in complex and often expensive multi-state cases that could include wage theft, antitrust and consumer fraud. The request is paired with a statutory change that would allow a small share of recoveries to be deposited into the fund, instead of the general fund.

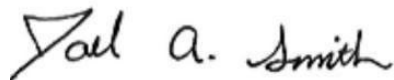
Wage theft is the unlawful withholding of wages or benefits due to an employee. It can take many different forms - from illegal "deductions" from an employee's pay to outright not paying an employee. Incorrectly classifying an employee as an independent contractor is also a pervasive problem in Minnesota.

A 2021 report by the Midwest Economic Policy Institute estimates that nearly one-in-four construction workers in Minnesota are victims of wage theft. LIUNA has worked to expose unscrupulous employers and brought cases to the attention of the Department of Labor and Industry (DLI) that have secured hundreds of thousands of dollars in back-wages owed to dozens of immigrant construction workers.

As you may know, in May 2019, the Legislature passed the Minnesota Wage Theft Prevention Act to create additional protections for workers, including adding criminal penalties for employers that commit wage theft. This law included additional funding to allow DLI to add staff members needed to perform strategic and targeted workplace enforcement and to conduct outreach and education for employers, workers and communities. In May 2022, the Legislature passed additional appropriations and provisions for five new staff in the Department of Commerce Fraud Bureau and expanded the Bureau's jurisdiction to include financial crimes outside of insurance fraud, such as wage theft. Unfortunately, wage theft continues to be a rampant problem in the non-union construction industry driving down standards for all workers.

The proposed budget for the Office of the Attorney General, specifically the \$1.3 million to hire three additional full-time employees for the Wage Theft Unit and the \$1 million to establish a multi-state litigation expense account, will strengthen and expand upon these wage theft prevention and accountability efforts. We urge your support. Thank you for your consideration.

In Solidarity,



Joel Smith
President and Business Manager
LIUNA Minnesota and North Dakota