



April 16, 2024

Concerns about HF 4483 (Senator Oumou Verbeten),

Dear Senator Oumou Verbeten, Chair Marty, and Members of the Senate Finance Committee,

The Builders Association of Minnesota (BAM) is a statewide business association representing the home building industry. Our membership of nearly 1100 is made up of home builders, remodelers, developers, subcontractors, suppliers, realtors, financial institutions, and other industry-related businesses. BAM is the oldest statewide building association, and we are celebrating 50 years of serving the construction community.

As builders and remodelers, we share Senator Oumou-Verbeten's goal of preventing misclassification, and we believe repeat, willful, or deliberate misclassification should be thoroughly investigated and punished because it cheats workers and honest employers alike.

Below are some provisions of the bill that make home builders and remodelers uneasy:

- BAM has concerns about the expanded scope of the commissioner's authority relating to the issuance of stop-work orders. As an example, if an employer has a single, isolated violation at one job site, they would be subject to the closure of all job sites. This bill language should be limited to locations at which a violation of Minnesota state law has occurred and should also clearly provide for an opportunity for due process to correct potential violations before being forced to halt work.
- BAM is concerned with the expanded violations, civil penalties, and the broad nature of damages that this bill will impose. These penalties are not limited to intentional acts of misclassification!
- BAM members are experiencing significant administrative, implementation, and compliance challenges with the state's new suite of labor laws from last year's legislative session. Expanded new rules, obligations, and penalty structures included in HF 4483 would only add to the confusion. This is especially problematic for small builders and remodelers.
- Lastly, our sister organization, the California Builders Association, has reached out to us on this bill. A few years ago, California enacted a similar bill. They found that the expanded 14-point test caused increased individual liability for owners and agents. Also, they found that their bill led to owners and agents being convicted without any knowledge or level of culpability.

This bill will hurt housing development, affordability, and renovation of homes around the State.

Thank you for allowing us to share our concerns.

Sincerely,

Grace Keliher

Executive Vice President of the Builders Association of Minnesota

