



Dear Chair Dziedzic, Senator Oumou Verbeten and Members of the State and Local Government and Veterans Committee:

The Contractors Association of Minnesota (CAM) was formed by contractors, distributors and manufacturers who work primarily on residential houses with a focus on roofing, siding, windows and remodeling. We are the fastest growing association of exterior specialists in the country.

Thank you for the opportunity to submit a letter on behalf of CAM regarding Sf 4483 (Senator Oumou Verbeten) on worker misclassification.

CAM agrees that worker misclassification is bad for business and shares the goals in identifying and preventing the misclassification of workers in the construction field and all industries. We also agree with the testimony submitted by many of our construction partners and their concerns.

We would like to thank Senator Oumou Verbeten and the Department of Labor and Industry (DOLI) for amending provisions in the bill that address cost plus pricing as well as addressing how we bid our contracts out. Change orders are constant in construction and contractors need the flexibility to make these changes for the homeowner or business. We also appreciate the provision where the \$5,000 floor for a fine was amended out of the bill. For a contractor who has a first time offense, giving them the ability to work through the issue with the DOLI will be very beneficial in the long run.

CAM has several concerns with this bill. One of our main concerns arises with how quickly this legislation was introduced and is now moving through the committee process especially in light of the Office of the Legislative Auditor (OLA) report that was recently released. CAM is still processing the information with the bill.

One of our concerns is how this legislation will work in tandem with the Minnesota Office of Safety and Health Administration (MNOSHA). As an example, OSHA requires general contractors to have safety belts for all independent contractors working on a project site. Will having this safety device for independent contractors to use under this requirement make the independent contractors employees of the contractor? Will contractors have to rent the equipment out to the independent contractor?

One thing that hasn't been mentioned is many subcontractors who are just trying to earn an honest living (and who the legislature sought to protect last year with the wage theft bill) will likely not be able to keep up the administrative burden to fulfill the 14 point test even though by any objective measure they are truly independent and intend to be that way. This is essentially a death sentence to those folks who are tradespeople first, and businesspeople a distant second. And those folks don't have a lobby to stand up for them so this will probably hurt the very people it looks like it's designed to "protect."

We are also concerned about the implications to the general contractor if a subcontractor is using independent contractors that don't follow the new 14 point test. CAM would like to see a provision that eliminates their responsibility downstream. On a construction project, it isn't always possible for contractors to keep track of subcontractors down the chain.

Last year, the legislature passed paid family leave and sick and safe time. Businesses are still trying to figure out how to implement this. Adding another administrative expense will simply make it more expensive to fix a homeowners property.

These are just a few of our specific concerns and again, CAM concurs with recent oral and written testimony from other concerned associations. CAM would like to continue to have more thoughtful discussions about how this law will work and not punish businesses. We encourage the committee and Senator Oumou Verbeten and DOLI to take a thoughtful pause to determine how to make the legislation work for all parties as well as wait for the OLA report to be absorbed.

A handwritten signature in blue ink, appearing to read 'Tracy Dahlin', with a long horizontal line extending to the right.

Tracy Dahlin

Chair of the Contractors Association