

Testimony on HB 4094 to House Business and Labor Committee
February 3, 2012 -- Support health insurance option, oppose disability insurance requirement.

I feel that the 2007 legislation affecting commercial contractors in Oregon is putting a heavier economic burden on small businesses than their larger competitors.

Back then the Associated General Contractors lobbied to require that all commercial contractors with exempt status buy worker's comp insurance for all owner operators. Some of these very small companies that have been struggling in this economy will be simply put out of business by this requirement. Some comp policies can run \$10,000 per year based upon a 40-hour work week.

For small business this expense represents a huge proportion of net revenue. This will surely have a negative effect on the construction industry as a whole. For many companies this means they will not be able to expand or compete with larger businesses.

The contracting industry in Oregon is one of the most regulated industries around. Adding another requirement with this amount of economic cost will remove incentive for new businesses to start. All that is left are large companies to contract the work. This will lead to less price competition and ultimately drive up prices.

Fraudulent worker's comp claims may increase and be difficult to detect and lead to more burdens and cost.

I think that the compromise that all contractors carry health insurance would be a more moderate approach and would create less stress on an already struggling industry. The coverage is broader for injuries and diseases than the worker's comp system and would also help keep many people from going bankrupt when faced with medical bills.

I oppose the disability insurance requirement because of its unknown additional cost that may be prohibitively high for certain types of work and prior health conditions risks. That decision should be left to the contractor.

I have owned a contracting business in Oregon for 18 years. Additional costs from this worker's comp requirement represent approximately 15 percent of my net profit. In a time of unemployment and economic downturn, the burden will destroy jobs instead of creating or sustaining them. Tax revenue also decreases.

I am part of a small business community that is not usually heard at the Legislature. We are busy doing the job, keeping our businesses running. We cannot afford paid lobbyists and the anonymity offered by lobby groups. Thank you for your attention to these issues.

John Doe