



**HB 2540 – The Protection bill for honest contractors, employees and the General Fund**  
Testimony for Senate Business and Transportation Committee, 5.14.2013 Jody Wiser

At a small dinner group recently I asked who has experienced wage theft.

Immediately, a friend told a story: I was working as the bookkeeper for a small plumbing business in Beaverton when the owner came to me and asked that we pay one of the employees under the table so he could avoid child support payments. I refused, pointing out that that would be against the law, and would affect not only children not getting their child support, but also the employee's eligibility for workers comp, unemployment insurance, and the payment of state and federal taxes. Being sympathetic to the employee, the employer argued a bit, until I pointed out his own risk as the employer.

Another friend told of being cheated out of three weeks of pay when they were in college and painting homes. This would be a situation where the Construction Contractors Board could suspend the license of an employer.

Meanwhile, recently I wrote checks for \$2600 -- for construction work at my home—if the employees who actually did the work were not paid, after I paid the contractor, I would be very unhappy, and I could end up with a lien on my home. And non-payment were found to be a pattern for the business owner, and it did not result in the rescinding of the contractors license, I would believe the government had failed at its responsibility as much as the contractor had failed at his.

IRS Research, extrapolated to Oregon, shows that unreported income is a huge problem, costing the General Fund over 1.2 billion dollars a year. Collecting more of this revenue via various enforcement tools is a far better idea than a sales tax, and this bill is one of those tools. Obviously it is costing workers comp and unemployment as well.

A contractor who pays under the table can under bid others by 30%. That hurts the honest contractors, it hurts the employees who do not get access to social protections, and it hurts the General Fund.

We are pleased to support HB 2540 and urge you pass it to the floor of the Senate.