

**TO:** Oregon State House Committee on Business and Labor

**FR:** Curtis Morgan

**ATTN:** Chairman Holvey, Vice-Chairs Elmer, and Sosa

**RE:** HB 2057

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Good morning,

My name is Curtis Morgan. I am an International Representative for the United Brotherhood of Carpenters & Joiners of America. I am also a resident of Oregon, and I have been a member of the UBC for 50 years.

Thank you for allowing me to speak before you this morning regarding "wage theft" and "tax fraud," which go hand in hand.

Over the 50 years working within the construction industry, we have seen many contractors attempt to escape the system by paying in cash, not reporting actual work performed... etc. However, wage theft has become rampant and largely unchecked in the recent years.

As you are aware, there are contractors not only in our state but across the country who refuse to pay proper wages and avoid paying state and federal taxes for only one reason: to pad their own pocketbooks while denying a living wage to their employees who struggle to support their families each week.

Contractors have begun using labor brokers more than I have ever seen before. Labor brokers supply a workforce to the contractors. When an employee is paid by the contractor, usually in the form of a check, they are instructed only to cash their paychecks at a specific check-cashing business.

When this occurs, the check cashing company will deduct at least 10%, and often more. In some cases, we have not only seen the check cashing company charge the 10% but also the contractor deduct a portion.

These incidents go unrecognized due to the fact that the workers will most likely not report wage theft for fear of retaliation or deportation. On these projects, safety is not a top priority; employees are required to work long hours for less pay, while the safety of the workforce is ignored.

Wage theft is not one of the crimes most prosecutors and politicians mention when talking about "getting tough on crime," but it represents a significant portion of all theft in the U.S.

I recently read an article from a few years ago concerning wage theft across the nation. In the article, the Economic Policy Institute found that in the ten most populous states, approximately 2.4 million workers lose a total of eight billion dollars in income due to theft by their employers each year. That is nearly half as much as all other property theft combined in the report year, \$16 billion, according to the FBI, and the EPI results are only for ten states.

As I mention regarding labor brokers, there are also some other ways the employers rob their workers besides directly taking money out of their paychecks. Contractors willfully mislabel workers as independent contractors to avoid paying the proper wages or telling an employee to work off the clock or denying meal breaks, all of which fall under wage theft.

For example, suppose a worker earns \$14.75 per hour, the portland minimum wage. Minus 10% for the labor broker and 10% for the contractor. In this case, the employee earns approximately \$11.80 per hour with no health benefits.

**Is this morally right? Is this a humane way to treat your employees? My response is a resounding no! I hope that your response is the same.**

So in closing, these contractors/criminals gain an unfair advantage over law-abiding contractors by breaking the law. This is not a question of union or non-union. This is a worker's rights issue; every man and every woman should be guaranteed that they will be compensated appropriately when they work.

We, the State of Oregon, require legislation that provides severe criminal and civil punishment. We need a law that can track down and punish contractors, developers, and labor brokers for exploiting workers and denying them fair wages for a day's work, as well as ensure that all taxes are paid to the State of Oregon.

Let's all work together, Democrats, Republicans, union and non-union, and let's do what is right for the working men and women of Oregon.

Thank you for the opportunity to speak; it was a pleasure.