

Dear Chair Klevorn, Rep. Greenman and Members of the State and Local Government 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 HF 4444 (Rep. Greenmail) 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. We agree with the testimony submitted by many of our construction partners.

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 is due out later this week.

We also have concerns on how this legislation will work in tandem with Federal regulations like the Office of Safety and Health Administration (OSHA). 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?

Another concern is the cost plus contract. This legislation appears to make this an illegal activity. When an exterior specialist works with a homeowner who has had a storm damage occurrence, we use an insurance industry application called Xactimate to assess the how much the damage will cost to

fix that also incorporates overhead. How will this legislation work with the current process for assessing a homeowners damage?

In several areas of the language, there is a requirement for written contracts to be executed with the independent contractors. Independent Contractor Test #9 (Line 10.9) maintains that the independent contractor “is operating under a written contract to provide or perform the specific services along with the four sub sections. Not all provisions are written into a contract and in most cases “change order” occur. Language should include flexibility e.g. change orders. These happen quite frequently during a construction process.

Under the Independent Contractor Test #12 (Line 11.7), it would be impossible to include many of these items in a construction contract. Not all of these provisions are a part of the written contract.

Last year, the legislature passed paid family leave and sick and safe time. Businesses are still trying to figure out how this will affect their business along with how cost prohibitive it may be. Adding another administrative expense will simply make it more expensive to fix a homeowners property after a storm occurrence. In many cases, the bill will have to be footed by the homeowner who won't have the funds to pay for the damaged 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 be a punishment to businesses. We encourage the committee and Rep. Greenman to take a thoughtful pause to determine how to make the legislation work for both parties as well as wait for the OLA report to be absorbed.

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Iron River Construction

Chair of the Contractors Association

