



FRANA
companies

Frana Companies General Contractors

633 Second Avenue South Hopkins, Minnesota 55343

Phone: 952.935.8600 • Fax: 952.935.8644 • www.frana.com

February 27, 2023

RE: MINNESOTA HOUSE FILE 1859, SENATE FILE 1988

Dear Lawmaker,

Frana Companies is a major builder of privately financed and government funded multi-family housing projects. For over 45 years, Frana has built over 24,000 units of housing, representing over \$2 billion in construction volume. We pride ourselves on being a Minnesota company that consistently employs over 300 skilled carpenters and carpenter apprentices as Frana employees, as well as hundreds of additional workers employed through subcontracting partners. Frana Companies made a commitment to partner with building trades unions, particularly the Carpenters Union, based on the work we do. We receive the best quality tradespeople in the industry and all employees receive a middle-class wage, with health care and retirement security benefits, as well as training for the next generation of carpenters. We are writing this letter to register our support for the **Construction Worker Wage Protection Act (the "CWWP" HF1859, SF 1988)**.

Frana Companies competes in the multi-family construction industry in which a portion of the projects have subcontractors that misclassify their workforce as independent contractors or pay cash. By working this way, these subcontractors cut their costs in an effort to win more work, but this only cheats the taxpayers and their workers.

Responsible general contractors are accountable for the projects they build in just about every way and are able to differentiate between subcontractors who pay their workers legitimately vs. those who utilize labor brokers to take advantage of a cash-pay workforce. Proof of this exploitation exists in the criminal prosecution of Ricardo Batres for work comp fraud and labor trafficking, as well as the prosecution of the Merit Drywall owners. Yet, contractors continue to hire companies that utilize labor brokers and cash pay, as Batres and Merit did. **We need more accountability in our industry.**

We have heard concerns expressed by some general contractors about CWWP bringing additional risk based on the "*what ifs*" of hiring a subcontractor who fails to pay their workforce properly. As a respected general contractor who competes daily in the market most impacted by this bill, we believe the risk of **not passing** this bill is **much greater** to the responsible general contractors .

Unfortunately, companies like Frana are unable to compete in most states across the United States where wage exploitation is more common, but fortunately we are currently able to compete in Minnesota where only a portion of the industry is utilizing the exploitation of undocumented workers

and cash-pay. As a collective industry, we need all employers to be compliant of overtime pay, refrain from exploiting undocumented workers, employ actual employees not independent contractors, and pay payroll taxes and workers compensation. By placing greater liability on the general contractor, this will create the oversight needed to verify wage exploitation is not occurring on their respective projects. Based on this legislation, the State of Minnesota, the responsible general contractors, reputable employers, and all workers will benefit.

We are aware of the expressed argument that CWWP will somehow limit the ability of businesses owned by economically disadvantaged individuals, (i.e. WBE and MBE certified businesses) by placing liability on the general contractor for the wage payments of these subcontractors. However, we feel this argument has no merit as Frana Companies and other responsible general contractors regularly mentor, solicit and contract with WBE and MBE subcontractors and will continue to do so long after CWWP becomes law. The State of Minnesota, numerous cities, school districts, and some private developers will continue to ensure general contractors are utilizing WBE and MBE certified businesses. Regardless of whether CWWP becomes a law or not, Frana Companies firmly believes the general contractor **must** make additional efforts in order to achieve meaningful WBE / MBE participation.

We need to pass CWWP so all general contractors can be held accountable for their own projects, which they control and can further select and supervise their subcontractors. Simply put, we support CWWP because it holds general contractors accountable for who they hire.

Sincerely,



Mike Benedict
President and CEO
952.908.2664
mike@frana.com



Pete Donnino
Chairman
952.908.2675
pdonnino@frana.com