

I founded Frida Drywall Systems, LLC as a minority owned and operated interior systems construction company in 2015. We employ skilled carpenters and other tradespeople providing services to general contractors on multi-family housing construction projects throughout the Twin Cities. As a subcontractor bidding to general contractors, I compete in a market where a significant part of the contractors use multiple layers of so-called subcontractors who pay their mostly Latino immigrant workforce in cash. I know this industry. I know how these immigrant workers are treated. It needs to stop. The workers at the bottom of the chain of subcontracting are paid cash, rarely if ever paid overtime, have no work comp insurance paid on their behalf, and are often subjected to wage theft. Because this problem needs to be addressed, we are writing this letter to register our support for the **Construction Worker Wage Protection Act (HF1859)**.

General Contractors control the projects they build. They choose the subcontractors. They can tell the difference between subcontractors who have a business model of exploiting their workforce and the honest businesses. We need more accountability for the subcontractors and general contractors who have decided to profit on the exploitation of immigrant workers. By holding all contractors accountable for who they subcontract their work to, we can help end wage theft.

Let me explain how wage theft works in my industry. Interior systems contractors like me have to carry insurance, pay work comp, pay unemployment insurance and taxes on our workforce. Reputable businesses have to pay overtime when our workers work over 40 hours per week. We have to purchase materials, rent or purchase equipment, do complex layout and schedule a workforce to build large, sometimes intricately designed apartment buildings. The unethical businesses have to do all those same things, except they partner with people called "labor brokers" who look on paper like labor sub-subcontractors. The labor brokers receive weekly payments from the contractor so that the labor broker can distribute cash to the immigrant workforce. This isn't legal but it happens all the time because the general contractors and subcontractors feel insulated because they hired someone else, the labor broker, to take the risks that give them a cheap price on labor. This is wrong and it needs to stop. HF1859 will make it so general contractors cannot pretend like they don't know what is happening on their projects anymore.

We have also heard the argument that HF1859 will prevent minority businesses from competing in the industry by placing liability on the general contractor for the wage payments of these subcontractors. As a minority owned business that primarily employs minorities, we strongly disagree. Minorities, especially Latino immigrant workers are victimized by wage theft and that happens often at the hands of Latino labor brokers. All contractors need to be accountable for exploiting workers in order to end wage theft. Passing HF1859 will help level the playing field for me as a minority owned business competing in an industry where wage theft is too common. It is not any riskier for a general contractor to hire a minority contractor after the passage of HF1859.

Passing HF1859 will help remove the option of hiring contractors who use wage theft as part of their business model and that is a good thing for minority owned construction businesses and the immigrant workforce that is most often victimized by wage theft.

Sincerely



Miguel Arceo,
president