



Building Our Future Together

WISCONSIN
BUILDING TRADES COUNCIL

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Letter to Governor Evers Task Force on Payroll Fraud and Misclassification

Dear Members of the Task Force on Payroll Fraud and Misclassification,

Thank you for the time to address the Task Force on Payroll Fraud and Misclassification. The Wisconsin Building Trades Council commends the work and recommendations drawn from the Task Force on Payroll Fraud and Worker Misclassification. The 15 Trade Unions and the 40,000 hard-working men and women we represent fully and strongly support the Task Force's direction.

Pertaining to Wisconsin, it is clear taxpayers, workers, and responsible business owners are dealt a short straw. With new empirical evidence highlighting the construction industry, we must move now to improve our laws and legal system to ensure proper enforcement of these laws. Without the right tools to hold iniquitous business owners and labor brokers accountable, we will see Wisconsin further slide in a direction that hurts us.

Recently, a study published January 7th, 2021 by Illinois Economic Policy Institute - [The Costs of Wage Theft and Payroll Fraud in the Construction Industries of Wisconsin, Minnesota, and Illinois Impacts on Workers and Taxpayers](#) – Which takes a deeper dive into the issues we are facing in the construction industry and as a state who is fiscally responsible and holds those accountable for injustice. Based on the report, below is what the construction industry in Wisconsin is facing:

- In Wisconsin, about 14,500 construction workers are misclassified or are paid off the books, accounting for 10 percent of the workforce.
- In Wisconsin, illegally employed construction workers earn 31 percent less (\$23,500 annually) in combined wages and fringe benefits.
- Wisconsin annually loses \$40 million in state tax revenues due to construction payroll fraud– including \$8 million in income taxes, \$6 million in unemployment insurance contributions, and \$26 million in workers' compensation premiums.



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This Task Force is a bright spot for Wisconsin commerce, and we support you addressing illegal employers who use subcontractors to distance themselves from the obligation to pay workers, and we should use every tool to dissuade employers from this scheme. The report underscores the wide-ranging wage theft and tax fraud in the State of Wisconsin and aims to recover the money these misclassified workers should be paid after years of wage theft.

We urge you to implement the Task Force recommendations - The legal system must hold those accused of these crimes against construction workers accountable. We want to thank the Governor's office, the Task Force, and the Building Trades Unions in our State to protect workers and our industry and put forth these recommendations to protect workers, families, taxpayers, businesses, and our State.

The Wisconsin Building Trades Council (WBTC) is a membership organization representing the interests of 15 trade organizations and over 40,000 working men and women across the entire State of Wisconsin. The trade organization members of the WBTC are:

- *International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers Union 107*
- *Bricklayers and Allied Craftworkers District Council of Wisconsin*
- *North Central States Regional Council of Carpenters*
- *International Brotherhood of Electrical Workers*
- *International Union of Elevator Constructors*
- *International Association of Heat and Frost Insulators and Allied Workers*
- *Ironworkers District Council of North Central States*
- *The Wisconsin Laborers' District Council*
- *International Union of Operating Engineers Local 139*
- *International Union of Painters and Allied Trades District Council 7 & DC 82*
- *United Union of Roofers, Waterproofers, & Allied Workers*
- *International Association of Sheet Metal, Air, Rail, and Transportation Workers Local 18 And Local 10*
- *International Brotherhood of Teamsters Local 200*
- *The Wisconsin Pipe Trades Association*
- *Operative Plasterers' and Cement Masons' Local 599*