

Connecticut Construction Industries Association, Inc.

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Testimony Submitted to: Judiciary Committee Public Hearing, March 24, 2006
Re: H.B. 5817 AAC Misrepresentations Made By Employers with Respect to Unemployment Compensation and Workers' Compensation
CCIA: Opposed to felony provisions for misclassification of employees.

The Connecticut Construction Industries Association represents approximately 400 contractors and subcontractors and affiliated professionals in the heavy-highway, commercial and industrial construction industry. The association includes: AGC/CT, CT Road Builders Association, Utility Contractors Association of CT, CT Ready-Mixed Concrete Associations, the Equipment Dealers Division and the In-Plant Division.

CCIA opposes the inclusion of the words in Subsection (g)(1) of the bill "or the job classification of an employee" (Lines 9 and 10) and the same language that appears in Line 20 of Subsection (g)(2).

The punishment (class D felony) fits the crime for knowingly misrepresenting one or more contractors as independent contractors or for knowingly providing false, incomplete or misleading information, however, the vast majority of cases regarding misclassification of employees are the result of jurisdictional disputes among the various trades that are eventually settled by the Labor Department or the National Labor Relations Board. The Connecticut General Statutes should not be used for settling disputes in collective bargaining agreements in the private sector or penalizing an employer because of a labor dispute.

Many of the trades perform the same type of work and their collective bargaining agreements indicate the type of work they perform. Most classification disputes arise because one union is given the work and a different union wants the work, so they file a complaint with the Labor Department. Often times, an Occupation Licensing Board is involved with the complaint. This bill would make the employer subject to a class D felony.

Insurance Companies are diligent about auditing employers, especially in the construction industry, because if an injury occurs and the party was uninsured, or underinsured, they must still pay the claim. Employers who are intentionally cheating about the number of employees they have should be punished and it makes sense to include those employers who are self insured for the same violation.

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