

Indiana/Kentucky/Ohio Regional Council of Carpenters

1909 Arlingate Lane

Columbus, Ohio 43228

January 17, 2022

Dear Chairman Merrin, and members of the Ways and Means Committee, thank you for allowing me to provide testimony for H.B. 482;

My name is Jeremy Welch and I have been a victim of tax fraud/worker misclassification. I started working in construction at 16 years old for my uncle's home building company in NC. I spent several years with him and learned a lot about construction, eventually becoming a lead carpenter in our small 5 person company. When I left NC and moved back to Ohio I took a job with another small residential contractor. The owner paid me in cash each week and when I asked about it he assured me that that is how construction is done in Ohio and said it would all work out at the end of the year. I was only 21 at the time and had never had a job in Ohio so I took him at his word. I remember the day he showed up at my house 3 days before Christmas with my "Christmas Bonus." He handed me a sealed envelope and we spoke about work for the upcoming year. As soon as he left I excitedly opened the envelope, as I had never received a "bonus" before in my life, to a \$100 bill and a 1099. I caught him before he pulled out of my driveway and asked what this was. He told me he couldn't afford to pay me \$12/hr and the taxes that go with it, that's why we agreed on cash.

I had never agreed to cash payment and was left to pay a hefty tax bill that year I hadn't anticipated. The other worker he had told me he does this every year and to just not turn it in. I never went back to work for him again.

I am now a Business Rep for the Indiana, Kentucky, Ohio Regional Council of Carpenters and have been a member for over 19 years. Because of the Union I now know how I was taken advantage of and how this business model hurts the entire community. Part of my job is educating workers, the public and politicians of when this is happening in their backyard. I am amazed that after an almost 30 year career in construction that this unscrupulous business model is even more rampant than ever. Every day we walk onto job sites and find people paid cash under the table or misclassified 1099 independent contractors mostly because they don't know that it is wrong or they have been threatened by the owner with their job. With loopholes and relaxed penalties on contractors they will continue to use this business model as long as they get away with it or the fines are smaller than their profit margins.

I had to pay a large sum in missed taxes, and I paid them, but most do not. Cash under the table usually goes straight into the workers pocket with no mention to local, state or federal government. Communities miss out on much needed funds for schools, fire and police departments, and all other publically funded programs leaving the rest of us to pick up the slack. I support HB 482 and thank Representatives Cutrona and Edwards for understanding the seriousness of this situation. With the creation of a tax fraud study commission I have no doubt that state legislators will finally see how huge this problem is and will have to act to get it under control. I believe this will be a great thing for construction workers all of Ohio. Thank you.

Respectfully,

Jeremy Welch

Business Representative,

