



**Midwest Drywall Co., Inc.**

1351 S. Recca Court      Tel (316) 722-9559  
P.O. Box 771170      Fax (316) 722-9682  
Wichita, KS 67277-1170      Web www.mwdw.com

February 7, 2012

Senate Judiciary Committee  
Kansas State Capitol  
300 SW 10<sup>th</sup> St.  
Topeka, KS 66612

RE: Kansas Senate Bill No. 285

Dear Senators:

Our company, Midwest Drywall Co., Inc., has operated from our Wichita, KS base for nearly 40 years. We currently employ over 700 people as a Construction Subcontractor. All of our people work as employees of our company and we pay State and Federal taxes, furnish workman's compensation insurance and furnish health insurance benefits.

We compete with contractors that pay their employees in cash and pay no State and Federal taxes, furnish no workman's compensation insurance or furnish no health insurance benefits on most of their workforce. It is extremely tough to compete with these contractors as they are cheating the system and their workers.

We feel it is time to furnish stronger legislation to combat these fraudulent business activities. We feel that the proposed Senate Bill No. 285 could do just that. We feel it is time to toughen the penalties against employers who knowingly and intentionally misclassify their employees as independent contractors for the sole or primary purpose of avoiding either State or Federal taxes. These employers need to pay the same State and Federal taxes that any legitimate contractor is obligated to pay as a business owner.

Under SB285, any employer who violates the misclassification law more than once would be guilty of a Severity Level 10 Non-person Felony and be subject to a civil penalty. By increasing the severity of the violation to a Severity Level 10 Non-person Felony, the courts would be allowed to impose fines of up to \$100,000 per violation. This would put some meat into the law and push employers to operate within the requirements of the State and Federal Standards.

Senate Judiciary

2-9-12

Attachment

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By putting more teeth in the penalty provisions of the misclassification law the Kansas Legislature would be incentivizing otherwise unscrupulous construction contractors to go straight. This would have the effect of normalizing employment costs across the construction industry, thereby leveling the playing field among competing employers. Of course, this would only serve to benefit those employers who already play by the rules.

We ask that you help put this bill into effect, so all Construction Contractors can play on the same level field. Thank you for your help and support.

Sincerely,  
Midwest Drywall Co., Inc.

A handwritten signature in cursive script, appearing to read "St. A. Nienke".

Steven A Nienke,  
President