

Letter in Support of Alaska House Bill 186 of the 33rd Legislature

Alaska House Legislators,

My name is Spencer Douthit and I am a carpenter living in Anchorage. My professional construction career began in 2015 living in Haines, and brought me to Anchorage about two years ago. It began working for a small local carpenter in Haines. He “hired” me on, told me my wage, and I began work. When it became time to be paid the client we worked for would be given a number from my boss of how many hours I worked and what my wage rate was and the client would write me a check directly. This arrangement seemed strange to me at the time and now after many years of construction work I recognize this situation as both tax fraud on the part of my boss and implicating their client in a crime.

A few years later, working for a cabinet maker as a legal W-2 employee we had a small project on a museum. Usually making \$20 per hour, the employer told me that this project was going to be special and we would be making about 3 times our wage during hours worked on the museum. At the time I had no idea what kind of magic made this project special and when I asked about it I was given a brief explanation of the Davis-Bacon Act (DBA) and its rules. I was told by my employer that the most common practice for subcontractors is to pay the normal wage and keep quiet about the DBA, but he felt guilty doing that so he chose to pay us the full rate for this one time project. If I had not been told about the DBA I would have never known that I was eligible for prevailing wages on that project.

Many years later working as a carpenter in Anchorage I spoke to coworkers about their early experiences in the construction industry around the state. They all had stories similar to mine where bosses paid them as independent contractors even though they worked under direct instruction and were provided no workers compensation insurance. They also unknowingly worked on publicly funded projects without Davis-Bacon wages. The fraud we experienced was the standard in the industry.

Now, after many years of experience, I know enough to work for a contractor that bids almost exclusively on Davis-Bacon projects and commits to legal labor practices. I hear the contractor speak of how hard it is to compete against other contractors that can under-bid, because they rely on these unfair labor practices and tax fraud to keep their bids low.

House Bill 186 will level the playing field for contractors to stay honest by allowing additional labor compliance oversight at little to no cost to the state. If contractors are held to account with the powers brought by this bill we can reduce fraudulent practices on publicly funded projects and bring standards back to those already outlined in state law.

Alaska has eager young workers that are willing to work hard in the construction industry to build our state. I hope that they can enter the workforce and prove themselves with contractors that are being honest and are adhering to fair labor practices. It should not take five or more years before construction workers “figure out the game” and find honest contractors. House Bill 186 will help that.

Thank you for your consideration,

Spencer Douthit