

## RESOLUTION

**Opposing Internal Revenue Service Form 1099 misclassification of construction employees and urging state and federal lawmakers to take action against this practice.**

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**WHEREAS, misclassification occurs when workers who should be W-2 employees earning a wage or salary, instead are illegally declared 1099 independent contractors.**

**WHEREAS, by illegally misclassifying workers, companies eliminate payrolls resulting in non-payment of workers' compensation, unemployment insurance, Social Security taxes, Medicare taxes or overtime.**

**WHEREAS, avoiding these payments allows unscrupulous companies to cut labor costs by 30 percent or more making it easier for them to underbid and steal work from more honest competitors.**

**WHEREAS, illegal misclassification:**

- **Puts legitimate businesses at a competitive disadvantage**
- **Cheats state budgets of millions of dollars in revenue**
- **Shifts financial and other risks onto workers**
- **Shifts cost onto hospitals, insurers, competitors and taxpayers**
- **Opens the door for additional illegal activity, such as wage-and-hour violations and use of undocumented workers**

**WHEREAS, this fast-growing underground economy in construction and other service industries, where construction workers and others are paid off the books and their income largely untaxed, is currently at \$970 billion soon to reach over \$1 trillion dollars this year – approximately 9 percent of the current United States economy.**

**WHEREAS, unreported wages translates into over \$35 billion estimated uncollected federal taxes and unknown state or local taxes that the United States and our communities are forgoing because of the number of jobs that are now off the books.**

**NOW, THEREFORE BE IT RESOLVED that the Board of County Commissioners of Cuyahoga County, Ohio, hereby opposes Internal Revenue Service Form 1099 misclassification of construction employees and urging state and federal lawmakers to take action against this practice.**

**BE IT FURTHER RESOLVED that the Clerk of the Board be, and she is hereby instructed to transmit one copy of this resolution to Rick Werner, Deputy County Administrator/Health & Human Services; Attorney General Marc Dann and all members of the Ohio House of Representatives and Ohio Senate.**

**On Motion of Commissioner Jones, seconded by Commissioner Dimora, the foregoing resolution was duly adopted.**

**Ayes: Jones, Dimora, Hagan.**

**Nays: None.**

**Resolution Adopted.**

**Jeanne M. Schmotzer,  
Clerk of the Board**

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