

# Press Release

## **New Report Details Problems with Out-Of-State Workers on Public Construction Projects in Indiana**

*Study Links Major Moves Program with Indiana "Tax Gap"*

**Indianapolis, July 31, 2008:** The Indiana Construction Information Network (INCIN) announced today the release of a new report titled, *"Major Mistakes: Preliminary Report on Sunesis Construction Company, Inc. in the Indiana Construction Market."* While the focus of the report is Ohio-based Sunesis Construction, the report raises important issues that could potentially affect other contractors who employ out-of-state workers on Indiana public construction projects instead of hiring Hoosier workers.

The report examined eight recent Indiana projects on which Sunesis Construction Company, Inc., an Ohio-based general construction contractor, served as the general contractor during 2007 and 2008. The eight projects represent approximately \$30 million in Indiana construction work and included Indiana Department of Transportation (INDOT) projects, *Major Moves* projects, and local municipal projects.

The study details the negative economic impact of using out-of-state workers on public construction projects in Indiana. A majority of Sunesis workers on the Indiana construction projects studied were Ohio residents. Ohio residents working in Indiana are required to pay state income tax to their state of residence, not the state in which the income is earned. Thus, the report revealed that the use of out-of-state workers created a "Tax Gap." A review of 201 weeks of payroll records from Sunesis on all eight projects during 2007 and 2008 revealed that:

- 79% of state income taxes were paid to Ohio
- 14% of state income taxes were paid to Indiana
- 7% of state taxes were paid to Kentucky

**FOR IMMEDIATE RELEASE**

The study points out that out-of-state workers continue to work on Indiana tax-payer funded projects, while Indiana's unemployment rate steadily rises. The study specifically addresses the State Road 44 project in Fayette County, a *Major Moves* project. Fayette County has the highest unemployment rate in Indiana at 10.3%.

Among other issues, the report also calls into question the practice of allowing out-of-state contractors with poor safety records to work on Indiana projects. The study details Sunesis' safety record, such as its history of OSHA violations and worker fatalities. In 2005, two Sunesis workers died in separate trench collapse accidents. Since that time, Sunesis has been highlighted in two national reports on worker safety:

- In April 2008, the U.S. Senate Health, Education, Labor and Pensions Committee highlighted Sunesis in its report, *"Discounting Death: OSHA's Failure to Punish Safety Violations that Kill Workers."*
- In April 2006, Sunesis was named in the National Council for Occupational Safety and Health (NCOSH) Workplace Health and Safety *"Dirty Dozen"* report as an employer with a history of severe health and safety violations.

The INCIN report states that, *"Indiana policy makers simply cannot continue to allow out-of-state contractors to bring in out-of-state workers for public construction projects while Hoosier workers sit at home. It is bad economic development policy."* The report also concludes that the practice of allowing out-of-state contractors with histories of worker deaths, OSHA violations, and NLRB charges to bid on public works projects is inexplicable. The report calls on Indiana policy makers to address the issues raised in the report.

The Indiana Construction Information Network is a public information source on issues and trends facing the Indiana construction industry. The full report, *"Major Mistakes: Preliminary Report on Sunesis Construction Company, Inc. in the Indiana Construction Market"* and both of the national health and safety reports are available at the INCIN web site: [www.incin.org](http://www.incin.org).

###

**FOR IMMEDIATE RELEASE**

PAGE 2 OF 2