



FOR IMMEDIATE RELEASE
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GOVERNOR SIGNS EXECUTIVE ORDER CRACKING DOWN ON PAYROLL FRAUD AND PROTECTING TAXPAYERS AND WORKERS

(MADISON, Wis.) – Today Governor Evers signed an historic Executive Order that aims to streamline enforcement of payroll fraud and protect the taxpayers of Wisconsin. Payroll fraud is an illegal business model used by unscrupulous employers—many in the construction industry—that evades taxes and exploits vulnerable workers.

“Payroll fraud is rampant in the construction industry,” said Dave Branson, president of the Wisconsin Building Trades Council (WBTC). “Employers misclassify employees as independent contractors or pay employees cash off the books, which means they aren’t paying payroll tax, unemployment insurance tax or workers’ compensation premiums. This illegal practice cheats all taxpayers, gives the unscrupulous contractors a 30% competitive advantage over law abiding contractors when bidding on work, and leaves employees without proper legal protections.”

A study by the State of Wisconsin Department of Workforce Development (DWD) concluded that 44% of all employees audited were misclassified. In just over three years, the DWD conducted 1,963 investigations, with 422 resulting in audits finding 5,841 workers misclassified and \$70 million in under-reported wages. The DWD assessed approximately \$1.8 million in taxes, interest, and penalties.

“The 15 Building Trades and the 40,000 workers of those trades thank Governor Evers for taking steps to crack down on payroll fraud and protect workers,” said Branson. “The Governor’s Joint Enforcement Task Force on Employee Misclassification aligns all state agencies with enforcement oversight for the law violations committed by employers engaging in payroll fraud.”

The public agrees with Governor Evers—employers that engage in payroll fraud need to be stopped. A [poll recently released](#) found that nearly 70% of Wisconsinites want payroll fraud stopped and understand that the practice leads to an increased burden on taxpayers.

“In public construction, the low bidder gets the work. But is a contractor truly a low bidder if they aren’t paying their share of taxes and their employees are forced to take BadgerCare and other government assistance to make ends meet?” said Branson. “We don’t think so and neither does the public.”

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The Wisconsin Building Trades Council is comprised of 15 Building Trades unions and represents 40,000 building trades’ members in the state. WBTC is committed to building a skilled workforce for a growing Wisconsin.