

## Written testimony in support of Substitute HB 2024

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Senator Lynn and members of the Commerce Committee, my name is Ed Frederick. I am the President and Owner of Buckley Roofing Co Inc, a commercial and industrial roofing company in Wichita, KS. I am a founding member of the Kansas Roofing Association. I entered the roofing industry in 1982 when I went to work as a roofer/estimator for Buckley Roofing which was a family owned business established in 1883. Generation four became a Doctor and I was given the opportunity after 6 years to lead the company and eventually acquired the business in 1997 when Bill Buckley retired at 72.

I respectfully ask you to vote in support of Substitute HB 2024.

This Bill will protect Kansas jobs and bring in a substantial amount of revenue to the state. My company is currently being audited for sales, withholding, and income tax by the Kansas Department of Revenue. It is a standard scheduled audit and things are going well. It has given me an opportunity to speak directly with an auditor about what is going on in our roofing industry with out of state roofers. Sadly I was not encouraged by his response of how difficult it is for the state to collect taxes from the out of state contractors that do cheat the system. I recently watched a roofing contractor from Mississippi (that I could not find registered with the state to do business here) install a new roof on a big box retailer in Wichita. The first thing I saw was that they had hauled the materials to the job on their own out of state truck. I checked Mississippi's tax laws and it allows them to buy the material exempt if the project is out of state. The second thing was that all five of the crews unmarked pickup trucks were licensed in Georgia. That tells me that a traveling subcontract crew was installing the roof. I doubt if any income tax was withheld or paid to the state. What did the State lose on this one job. I estimate the state lost \$29,000 in sales tax, \$5800 in income tax, and 2000 man hours. Yes that equals one Kansas roofer being unemployed for a year.

Who are the cheats and scammers? It isn't just roofers, it is the companies that hire them to come to Kansas and install these roofs. My employees have won the National Roofing Contractors Association's "Gold Circle Award" for workmanship twice in the past 12 years. The latest being in 2012. It is equivalent to winning the "Oscar" as only one award is issued in several categories. My company is also one of 22 roofing contractors out of more than 1500 Carlisle contractors, to win the "Excellence in Single Ply" award 15 consecutive years in a row and we are still going strong. I think my employees are qualified, but have we been invited to re-roof one of these big box retailers in the state of Kansas in the past 10 years? No! These companies know that if they hired a local roofer they will pay more because we PAY taxes to Kansas and purchase all of the insurance required, which will be included in the price they pay.

The other item these retailers don't want to pay is benefits. I pay for 100% of the cost for hospitalization insurance for every employee and 50% of the cost for any extra coverage they purchase for their families. I also match 100% up to 5% of their wages into a 401K plan. These costs are also included in my price to re-roof these buildings. I just appreciate the Kansas customers I have that make up the current 7 month back log of work for my 100 employees.

Buckley Roofing quit shopping at Home Depot when an out of state roofer showed up to re-roof the building we were shopping in. I had spent \$38,000 in that store the year before. These big box retailers pull money out of our communities but don't want to return any money back, by hiring local contractors. Trust me when I say these retailers know what is going on. I estimate the state could collect more than a million dollars in sales tax alone if they requested a list of all of the big box retailer's re-roof projects over the past 10 years. There is a serious industry problem and HB 2024 will help employ more Kansans' and bring revenue to the state.

On behalf of my 100 employees and the families they support, please vote in support of HB 2024.

Respectfully yours,

Ed Frederick