

State Reports \$92 Million in Tax Credits

A new report from the WV Tax Department shows more than \$92 million in state tax credits were awarded in 2001.

The report, which is required by law, shows who got tax credits for eleven different programs.

The bulk of the credits, \$77 million, were given out under two programs, the 'Business Investment and Jobs Expansion Tax Credit' and the "Tax Credit for Industrial Expansion and Revitalization."

The exact amounts are not disclosed but companies and individuals are listed in dollar ranges for the credits they receive.

For example the top recipients of the "Business Investment and Jobs Expansion Tax Credit" bet-

ter known as the "Super Tax Credit" are Arch Coal, Inc. and Toyota Motor Sales USA, Inc. Their credits are listed under the category "More than \$500,000 but not more than \$1,000,000."

Industrial Expansion section was Mylan Pharmaceuticals Inc., which was listed in the "More than \$1,000,000" category.

Companies must create at least 50 new jobs in order to qualify

sult of the credit.

That lack of details bothers some critics of the economic development process.

"These investors could be West Virginia heroes or zeros," said Steve White, ACT Director.

"We, the tax payers, really don't know what we got for our \$92 million, and we are only now getting data from 2001. That's old information."

According to White the tax breaks for Toyota have been extremely beneficial for the state.

He points to Toyota's billion dollar investment in their Buffalo facility, the millions of construction man-hours for union workers, more than 1,000 full time jobs and a production facility any state, or any country, would like to get.

However the report shows *Continued on p. 2*

"WE, THE TAXPAYERS, REALLY DON'T KNOW WHAT WE GOT FOR OUR \$92 MILLION, AND WE ARE ONLY NOW GETTING DATA FROM 2001."

STEVE WHITE, DIRECTOR, AFFILIATED CONSTRUCTION TRADES FOUNDATION

Other recipients are listed by credit ranges of \$250,000 to \$500,000; \$100,000 to \$250,000; \$50,000 to \$100,000; and \$1 to \$50,000.

The top credit under the In-

for the credit. The credit is available for ten years and is proportional to the investment made.

The 150 page report does not give any details on specific projects or jobs created as a re-

LOCAL UNION CONTRACTOR HIRED AS A RESULT OF PROTEST

Out-of-State Contractor Used on WVU Job

Efforts by the Mid-Atlantic Regional Council of Carpenters may have sent RVL Contractors and their imported work force back to Richmond, Virginia.

RVL was hired as a sub-contractor by Whiting-Turner, the general contractor on the \$12 million WVU student housing project.

Easley & Rivers has been chosen to complete the job and will use local union workers.

The turn of events came after months of protest and negotiations.

Baltimore based Whiting-Turner was low bidder on the Evansdale Campus project in July of last year.

Most of the project went to union sub-contractors but the interior sys-

tems package was let to RVL.

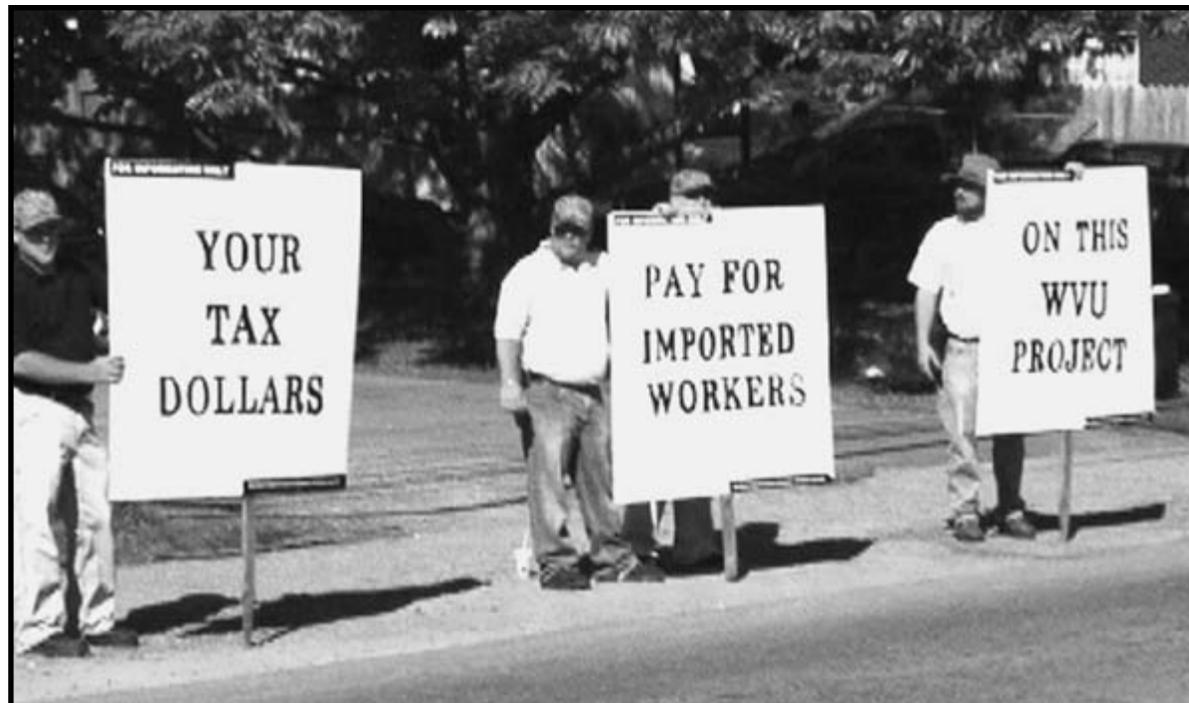
RVL in turn imported their workers, in violation of the West Virginia Jobs Act which requires

local workers on tax funded projects.

"We suspected, investigated and documented illegal activity

on the job, and it turns out we were right," said Leroy Stanley, Director of Organizing for the

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LETTING THE PUBLIC know about RVL and their hiring practices at a WVU student housing project are members of the Carpenters Union (from left) Randall May, Joe Elliot, Leroy Stanley and Joe Harmon.

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Pipe Trades Hold Apprenticeship Contest

Five Locals of the United Association of Journeymen and Apprentices of the Plumbing, Pipefitting, Sprinkler Fitting Industry (UA) participated in an apprenticeship contest at the Morgantown Plumbers and Pipefitters Training Center in May.

Twelve contestants competed over the two day event, May 24 & 25.

Best overall score was earned by Local 152 of Morgantown for their combined scores in plumbing and pipefitting.

Individual winners were Adam Bond, of Local 152 Morgantown representing Plumbers and William Raab, Local 486, Baltimore, in the

Pipefitter category.

The contest, sponsored by the West Virginia Pipe Trades, began 13 years ago in Morgantown, but next year the contest will be a national event.

"This event really has created a lot of interest in apprenticeship programs," said Jim Cartwright, Local 152's Training Coordinator. "The UA International has really taken an interest in what we're doing, as well."

Contestants are chosen by the individual locals through their own contests that determine who will represent them in the state contests. Most of the contestants are fifth year apprentices.

The two contest divisions, Plumbers and Pipefitters, compete with different tests.

Both competitions include a written test, and a variety of hands-on tests such as weld-

ing, and rigging and signaling with a crane.

In addition, the pipefitters competition included tasks

such as pipe fabrication and copper tubing bending. The plumbing competition had a lavatory assembly project and

other tasks.

The judges this year were coordinators from locals in D.C. and Ohio.



RECEIVING THE AWARD for best Plumber is Adam Bond (Center) from Local 152. Also present (From left) Ed Boone, Business Manager, Local 152, James C. Cartwright, Jr., Training Coordinator, Local 152, Michael Arndt, UA Director of Training and T. L. Ranson, UA International Rep.

Tax Credits

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most of the tax credits have gone to companies that are in West Virginia solely for the coal, timber or natural gas the state has.

"Do we really need to give tax breaks to coal companies?" asks White.

Looking at the list of companies getting the largest tax breaks under the industrial expansion program White noticed companies such as Elk Run Coal, Consolidated Coal, Greer Industries, Allegheny Wood Products, AMCI Resources, Coastal Forest Products, Georgia Pacific Corporation, Inter-State Hardwoods, Weyerhaeuser Company, and White Oak Development.

"These may be well deserving companies," said White. "But the fact is we just do not know if the

credits were really needed."

In addition to the long list of resource companies getting tax breaks the ACT Foundation reviewed the report and found additional areas of concern.

Credits were given for retail stores such as Wal-Mart, Sam's Club, and Drug Emporium.

Credits were also given to restaurants such as Shoney's, Western Steer Family Steak House, and Eat'n Park. Eat'n Park no longer has any stores in West Virginia.

Retail outlets and restaurants are not considered good candidates for tax breaks because they do not create new jobs. Instead they shift jobs from older establishments.

Giving credits to new retail and restaurant businesses often hurt existing companies who get no credits.

Comfort Inn and the Clarion

Health and Spa Center also got credits. Hotels, like retail stores are considered by economic development experts to be poor choices for credits.

Likewise the law firm Flaherty, Sensabaugh & Bonasso, and accounting firm Gibbons & Kawash, both of Charleston were on the credit list.

TO SEE THE COMPLETE STATE TAX CREDIT LIST FOR 2001 GO TO THE ACT WEBSITE WWW.ACTWV.ORG.

Kanawha Stone Company Inc., got a super tax credit while winning three state construction contracts worth \$41 million during the same year.

"Are we giving tax credits to contractors who win state contracts?" asked White.

ACT found eight companies currently on the workers compensation or unemployment default list.

Seven companies have had their authority to do business in the state revoked due to non payment of their corporate registration fee. Three of these companies had left the state prior to the end of 2001.

One company, Clarksburg Casket Company, got their credit for 2001 but shut down their factory in 2003.

According to newspaper reports in June of 2001 the company signed a 15 year lease with the state Economic Development Authority for a building the EDA purchased for \$2.5 million.

According to Dana Scott, Business Agent for Teamsters Local 175, 76 West Virginians lost their jobs in 2003 when Clarksburg Casket Company shut down.

To see the complete state tax credit list for 2001 go to the ACT website www.actwv.org.

The ACT Foundation and White are members of a nationally recognized economic development watchdog group called Good Jobs First.

Good Jobs First promotes a number of measures to make tax credits more accountable and many state legislators are adopting these recommendations.

These efforts include:

- more disclosure of both credits and the jobs created, the public has a right to know where tax breaks are going
- follow up reports to see if tax credit programs produce the results promised
- provisions to require the return of credits if promised job creation does not occur
- quality standards for jobs to make sure credits are given to create decent jobs with basic benefits

For more on Good Jobs First go to their web site www.goodjobsfirst.org

Default Contractor on WV Housing Fund Job

A company with a long history of defaulting on workers compensation and unemployment payments has shown up on projects financed by the West Virginia Housing and Development Fund.

Phillips & Sons Masonry & Construction Inc. is currently working as a sub-contractor for Structures Inc. on at least two projects financed by the Housing Fund.

In March, Henry Neal of the Laborers Union found Phillips working on a project in the Corridor G area of Charleston.

Neal remembered Phillips had been on default lists before and a quick check found them on both workers compensation and unemployment lists.

Neal alerted the ACT Foundation which contacted the state Insurance Commission, the new BrickStreet Mutual Insurance Company and the WV Division of Labor.

The DOL went to the site

and is still investigating their findings.

Phillips has a long history of creating companies and being on default lists.

Secretary of State and Insurance Commission records show Roger Phillips connected to Phillips & Sons; Triple T Masonry; Phillips Masonry; and Phillips & Phillips, all have been in default with workers compensation or unemployment.

Apparently the attention forced Phillips to pay their workers compensation debt because just a few days later they were issued a renewed contractors license and were taken off of the workers compensation default list.

In late May, Steve Montoney of the Laborers found Phillips at a project in Shinnston.

The general contractor, developer and financier were all the same as the Charleston project.

Again Phillips was checked and found this time to be on the default list for unemployment

and the Secretary of State.

In addition Montoney learned Phillips had nine workers on the job.

Again various state agencies were contacted.

This time questions were raised about the number of employees Phillips was reporting for wage bond purposes

compared to workers compensation.

"We think Phillips is only reporting one employee for workers compensation purposes, but they were caught by the Department of Labor with nine employees," said Lesly Messina, ACT Research Director.

The WV Housing and Development Fund was notified as well as other state agencies.

For Montoney the problem is clear. "Our tax dollars are being used to finance construction projects that use contractors who don't pay their workers compensation or unemployment bills."



THESE WORKERS ARE laying block at a Shinnston housing project financed by the WV Housing and Development Fund. Although nine employees were seen on the job it may be that only one is claimed on the contractors, Phillips and Sons Masonry & Construction, workers compensation policy.

CRAFTS STILL UNITED IN WV

Laborers Leave National AFL-CIO June 1

As of June 1, the Laborers International Union of North America, which represents 700,000 workers in the construction industry nationwide, has left the security of the national AFL-CIO.

They now join a growing list of unions who have left the federation including two related to construction, the Carpenters and

Teamsters.

The Carpenters left the AFL-CIO in 2001, the Teamsters left in August of 2005.

In addition the Laborers and Operating Engineers pulled out of the National Building Trades on March 1 this year.

Yet, with all the turmoil on the national scene, craft organizations in West Virginia have stuck together.

"We still remain a united group in West Virginia," said Roy Smith, Secretary/Treasurer of the West

Virginia State Building and Construction Trades Council.

"The issues that have driven everything at the national level have not impacted business in a negative way at our state level."

The Laborers were one of seven unions that formed the Change to Win (CTW) Coalition, in July of last year.

Other unions included the Service Employees, Hotel and Restaurant Workers, Food and Commercial Workers, and Farm Workers.

CTW was formed in an effort to steer a new direction for organized labor.

The unions that withdrew disagreed with AFL-CIO leadership's focus on political action, preferring instead to use dues money on organizing efforts.

The Laborers in West Virginia however, will continue to affiliate with the state and local Building Trades Councils.

Over the last year a compromise of sorts has been worked out to allow a local whose inter-

national no longer belong to the AFL-CIO to participate in local AFL-CIO activities through 'Solidarity Charters.'

"I think it's very healthy for the trades in West Virginia that we have been able to deal with our issues in the state and have not let these national changes influence all of our decisions," Smith said.

"We still function as a unit and function very well as the West Virginia State Building Trades and local councils."

Trades Fight Out-of-State Invasion

An investigation by the Operating Engineers and ACT helped catch another illegal contractor operating in West Virginia.

The West Virginia Division of Labor (DOL) issued a Cease and Desist Order to Community Construction, Inc. (CCI) on a job site in Clendenin late last month.

CCI, based in Houma, Louisiana, lacked a valid contractor's license and had not posted a wage bond.

They were also not registered with the Secretary of State nor the state tax department.

The investigation started when International Pipeline Special Representative Ronald "Bo" Rogers

passed a CCI truck on Route 79 coming out of Charleston.

"Their truck had 'Pipeline Erosion Control' on the door and that's what caught my attention," said Rogers. "I noticed a guy on the passenger side had on a hardhat, which meant they were working locally, so I followed them to the job."

The job was in a remote area of Kanawha County.

CCI was doing maintenance work on a 20 inch, high pressure gas line owned by Tennessee-El Paso, a gas company from Texas.

Rogers talked with Pat Harlesson, the superintendent on the job, who explained they needed bulldozer and backhoe operators. The people they brought from Louisiana didn't have the skills to work on rough terrain.

"I offered to work with them, to help them get local union workers for the project, but they declined," said Rogers.

"He told me they didn't work union."

Working with the ACT Foundation Rogers learned CCI was not registered with any state agencies as required by law.

ACT asked the DOL to investigate. Rogers gave detailed directions to the site which resulted in the 'cease and desist' notices.

Rogers was not only upset that an out-of-state company was taking jobs away from local workers, he was also mad that Tennessee-El Paso was discriminating against local contractors.

Within three miles of the job a

local union contractor, S&T Pipeline, was approved to work for Tennessee-El Paso and had to go through major obstacles to get their approval. Yet Tennessee-El Paso brought in an outfit from Louisiana.

Furthermore, during this visit Rogers thought he heard gas going through the pipeline and noticed there wasn't an inspector in sight.

According to Rogers, it's gas

company policy to have an inspector present anytime workers are digging out a high pressure gas line.

"Tennessee-El Paso makes local contractors jump through all sorts of hoops, and then they give the work to an out-of-state contractor who breaks every law in the book," Rogers said.

"What does that say about Tennessee-El Paso and their standards?"

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ROGERS (right) RETURNED to the Clendenin site to document CCI's activities. "Harlesson (left) told us 'no photos' but we kept right on filming," Rogers said. In the background are workers imported by Louisiana based CCI.

WVU

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Carpenters in West Virginia.

Since early January, union representatives have been monitoring the work of RVL.

The carpenters suspected undocumented workers were

present on the job in violation of both federal and state law. They also raised questions about whether or not RVL was paying workers compensation premiums for its work force or use tax on materials they were bringing in.

Mike Jenkins, an organizer for the Carpenters, went to work for

RVL to get more evidence of job site violations.

"When the Department of Labor came to the job people ran, we knew some of these folks were working illegally," said Jenkins.

RVL fired Jenkins for his union activities and charges were then filed at the National Labor Rela-

tions Board.

The evidence mounted about RVL and their problems, and the message was delivered directly to the public through demonstrations and through diplomatic channels to the University and Governor Joe Manchin.

"We think Governor Manchin and West Virginia University deserve credit for listening, and then doing the right thing," said Stanley. "I know there are fifteen local workers who are very glad they listened."

A series of job site protests also got the attention of the public and local news outlets.

According to Mark Estlack, Carpenters Council Executive Secretary, the support from other trades on site and the public was tremendous.

And being persistent paid off. "We were protecting our jobs not only for this project but all future work," said Estlack.

NLRB charges are still pending against RVL.



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