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## Oklahoma contractors say out-of-state competition not playing fair

by: BARBARA HOBEROCK World Capitol Bureau  
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OKLAHOMA CITY - Some Oklahoma construction subcontractors say their counterparts from other states aren't playing by the rules in areas such as wages and taxes, and are undercutting their bids on state contracts.

They are seeking a legislative fix, but what that may amount to remains to be seen.

"The basic problem is with the economic changes, Oklahoma has been invaded by out-of-state contractors and we feel they have an unfair pricing advantage," said Mark Rose, a spokesman with the Oklahoma Masonry Contractors Association.

About half the state's masons are unemployed as a result, he said.

Rose said out-of-state contractors are failing to pay income and withholding taxes by using out-of-state employees.

He said masons are not afraid of competition from out-of-state subcontractors, but the playing field must be level.

"There is no way of tracking who is doing business in the state," Rose said.

Mark Nestlen, executive director of the American Subcontractors Association of Oklahoma, said out-of-state subcontractors may not be paying workers compensation insurance and taxes, putting in-state companies at a disadvantage when it comes to bidding on projects.

In some cases, in-state masons have been underbid by as much as 40 percent, he said.

"Obviously, something is going on there," Nestlen said. "There is no common sense for why it would be that much different."

He said public money paid to out-of-state contractors doesn't benefit the state economy.

Nestlen said his organization has been meeting with lawmakers and state officials to create a regulation and oversight system to ensure out-of-state contractors are following Oklahoma laws.

His organization represents 130 subcontracting companies, ranging from masons to electricians and plumbers.

Sen. Harry Coates, R-Seminole, was granted permission to hold an interim study on the issue.

A date has not been set for the study.

"I do believe there is certainly strong suspicion that a lot of Oklahoma jobs are being lost because Oklahoma contractors are being beat out by out-of-state contractors," said Labor Commissioner Mark Costello.

Costello believes the state needs to have a system to verify that out-of-state contractors are paying taxes and following the rules, but he does not want to create a new bureaucracy to do it.

A possible solution is a registration system, said Jim Walker, a lobbyist for the American Subcontractors

Association of Oklahoma.

"We've got to close the gate," Walker said. "It is wide open now."

**Original Print Headline: State subcontractors cry foul**