



Founded 1889

United Association of Journeymen and Apprentices of the
Plumbing and Pipe Fitting Industry of the United States and Canada

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June 17, 2009

Max Baucus, Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Senator:

The United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada (United Association) is submitting this letter to express our strong, unqualified opposition to any type of proposed tax on health insurance or any other employee fringe benefit programs. As the representative of over 300,000 employed in the Plumbing & Pipe Fitting Industry, we feel compelled to submit this statement of opposition on behalf of our members as Congress continues the critical and difficult work of developing new health care legislation this year.

Like many other labor organizations, the United Association has successfully secured health care coverage for its members through independent collective bargaining with hundreds of union employers throughout our industry. When we do this, our contractors sacrifice money that could be profit and our members sacrifice money in wages. Instead, the parties make a joint sacrifice and a joint investment in labor-management health care funds that pay the cost of health insurance programs. This same scenario also occurs with respect to other fringe benefits for employees, such as those for pensions, disability and training.

Joint labor-management funds have a long history of success. Over the years these programs have provided consistent, reliable, cost-efficient benefits to working families. This has been done without any assistance or participation from the government. Moreover, these benefits have NEVER been subject to taxation and should NEVER be taxed in any way, shape or form. To the contrary, our health care and other fringe benefit systems should be viewed as one of the few models of success for other industries to follow.





Unfortunately, the cost of providing uncompensated health care to uninsured workers results in higher premiums for every employee that is insured. As a result, employees who engage in collective bargaining must surrender a larger portion of their benefits package to health care to keep up with the ballooning cost of caring for the uninsured. Thus, covered employees are ALREADY paying an unseen tax in the form of higher premiums driven by the pass-through effects created by employers who fail to provide health insurance. In addition, in the construction industry, this problem is compounded by the fact that the employers who do not provide coverage now have a major competitive advantage over employers that do the right thing and provide health care.

We fully understand that Congress needs to find a way to pay the cost of providing health care coverage for the uninsured. However, the notion that this can be done by taxing employers who now provide health care and employees who receive it – is simply wrong. This would be nothing short of a travesty since struggling working families would be forced to bear yet another extremely unfair burden, while at the same time employers would have a new disincentive for providing health care in the first place.

While greater coverage is needed, new and better ways of securing funding must be found. Taxing some of the very few successful approaches that have been developed for working Americans and their families is NOT the answer. Thank you for your attention in this matter.

Sincerely yours,

William P. Hite
General President

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cc: Rick Terven, Director of Political & Legislative Affairs