Interfaith Movement for Immigrant Justice
Love has no borders

May 13, 2013

Representative Jenson, Co-Chair
Senator Johnson, Co-Chair
Ways and Means Subcommittee on Transportation and Economic Development
Oregon Legislative Assembly

Re: Support for HB 2977

Dear Co-Chairs Jenson and Johnson and Members of the Committee:

I am writing to you as a board member and treasurer of the Interfaith Movement for Immigrant Justice (IMrJ) in support of HB 2977, a bill that will reduce the incidence of wage theft in our community.

IMIrJ is an interfaith coalition of over 30 different religious leaders, congregations and volunteers who are called by our faith to respond actively and publicly to issues of fairness and human rights of our immigrant brothers and sisters residing in the Oregon. We believe and affirm that everyone, regardless of national origin, has basic common rights, including but not limited to: 1) livelihood; 2) family unity; and 3) physical and emotional safety. We are proud members of the Coalition to Stop Wage Theft.

Construction Labor Contractors should accountable to the same standards as other Oregon construction contractors. Under current law, they are not required to be licensed with BOLI or the Construction Contractors Board. It has become common in some parts of the industry for licensed contractors to use these unregulated middlemen to supply workers to construction sites. Some labor brokers misclassify workers as independent contractors, steal wages, pay with cash under the table, and then disappear or run out of money before they can be held accountable. In the process, they also cheat the state of revenue and severely undermine industry wages and working conditions. Low-wage workers who are exploited by labor brokers are left without the means to provide food and shelter for their families.

Although not all brokers are causing this problem, wage theft is particularly pervasive in the construction industry as evidenced by the Oregon Center for Public Policy's analysis of wage claims made to the Oregon Bureau of Labor and Industry. Although the construction industry comprises four percent of the Oregon economy, it is responsible for eighteen percent of wage claims filed with BOLI.[1]

[1] "Oregon's Wage Theft Problem Persists," Oregon Center for Public Policy (January 14, 2013), http://www.ocpp.org/2013/01/14/fs20130114-oregons-wage-theft-problem-persists/; "Evidence of Wage Theft Widespread," Oregon Center for Public Policy (May 21, 2012), http://www.ocpp.org/2012/05/21/fs20120521-evidence-widespread-wage-theft/

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HB 2977 would tackle the problem by requiring construction labor brokers to get a license and post a bond. This is the same requirement that others in the construction industry must abide by for a good reason. In addition to protecting workers, all construction contractors would have assurance that they are dealing with a responsible business, while those companies that knowingly hire unlicensed labor brokers would clearly be liable for unpaid wages. Workers who are not paid could recover their wages through the bond.

This approach to deterring wage theft by labor brokers is not new. Several decades ago, the agriculture and forestry industry was plagued by a similar labor broker structure. The legislature acted by requiring labor brokers in this industry to be licensed and to post a bond. The law has decreased violations in agriculture, and it makes sense to extend the same, proven regulatory system to labor brokers in the construction industry.

The bill would have minimal costs to the state since it would use an existing enforcement mechanism that would not require setting up a new structure. Any additional marginal costs may be recouped through a fee provided for licensing.

HB 2977 is smart policy that updates our laws to meet the realities of today's underground economy in the construction industry. We urge you to support this legislation to help Oregon's construction workers get paid, level the playing field for honest contractors, and build an economy that works for all of us.

We urge you to support HB 2977.

All workers should be paid for their labor.

Sincerely,

(signed) Robert Brown
Treasurer, Interfaith Movement for Immigrant Justice