# House Bill 3118

Sponsored by COMMITTEE ON HIGHER EDUCATION AND WORKFORCE DEVELOPMENT

#### SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Requires public agency that awards contract with contract price in excess of \$5 million to require contractor to have apprentices perform at least 10 percent of work hours on public works project that workers in apprenticeable occupations perform. Provides that public agency shall pay contractor for imputed costs contractor incurs in complying with requirement and deduct from payment to contractor amount equivalent to imputed costs if contractor fails to comply with requirement.

Specifies reporting requirements for contractor and requires contractor to repay amounts that public agency pays in excess of amount due contractor.

Requires public agency to verify that contractor is approved training agent. Declares emergency, effective on passage.

#### A BILL FOR AN ACT

Relating to apprenticeship in connection with public works projects; creating new provisions; 2 3

amending ORS 351.086; and declaring an emergency.

Be It Enacted by the People of the State of Oregon: 4

- SECTION 1. Section 2 of this 2013 Act is added to and made a part of ORS 279C.800 to 5 6 279C.870.

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7 **SECTION 2.** (1) As used in this section:

(a) "Apprentice" has the meaning given that term in ORS 660.010. 8

(b) "Apprenticeable occupation" has the meaning given that term in ORS 660.010. 9

10 (c) "Apprenticeship agreement" has the meaning given that term in ORS 660.010.

(d) "Apprenticeship training program" means the total system of apprenticeship that a 11

particular local joint committee, as defined in ORS 660.010, operates, including the local joint 12 committee's registered standards and all other terms and conditions for qualifying, recruit-13

ing, selecting, employing and training apprentices in an apprenticeable occupation. 14

(2)(a) A public agency shall: 15

(A) Require as a material term in each public works contract, the contract price of which 16 17exceeds \$5 million, that a contractor employ apprentices to perform at least 10 percent of the work hours that workers in apprenticeable occupations perform on the public works 18 project; and 19

(B) Provide in the public works contract that, subject to subsection (3) of this section, 20 21 the public agency will pay the contractor at a rate of \$20 per hour for imputed costs the contractor incurs in having apprentices perform the work. 22

(b) A contractor or subcontractor shall pay an apprentice for work on the public works 23project at the hourly rate to which the apprentice is entitled under an apprenticeship 24 agreement or that the apprenticeship training program specifies. 25

(c) This subsection does not apply to a public works project that does not use state funds. 26 (3) A public agency shall provide in the public works contract that if the contractor 27

meets or exceeds the requirement in subsection (2)(a)(A) of this section, the public agency 1 2 will pay a contractor at the rate specified in subsection (2)(a)(B) of this section for the total number of work hours that apprentices perform on a public works project up to a maximum 3 amount that is equivalent to the imputed costs the contractor would incur in having ap-4 prentices perform 15 percent of the work hours that workers in apprenticeable occupations 5 perform on the public works project. A public agency may not pay a contractor any amount 6 for the contractor's imputed costs in having apprentices perform work on the public works 7 project if the contractor does not meet or exceed the requirement in subsection (2)(a)(A) of 8 9 this section.

10 (4) A contractor shall report the extent of the contractor's compliance with this section to the public agency on forms, with contents the public agency specifies by rule, and at 11 12regular intervals that the public agency specifies in the public works contract. The forms and the contents that the public agency specifies must include, at a minimum, a report in 13 which the contractor provides a detailed accounting of the total number of work hours each 14 15month and the cumulative total number of work hours since the public works contract term 16 began in which:

(a) Workers in apprenticeable occupations performed work on the public works project; 1718 and

19 (b) Apprentices performed work on the public works project. The contractor must 20identify each apprentice that performed work on the public works project by name and by 21the identification number that the Bureau of Labor and Industries issues for the apprentice. 22(5) Subject to subsection (6) of this section, a public agency may pay a contractor for the 23contractor's imputed costs in complying with the requirement in subsection (2)(a)(A) of this section in regular installments or periodically during the term of the public works contract 24 25if the contractor requests regular installment payments or periodic payments.

(6)(a) At least 30 days before making any final payment to a contractor under a public 2627works contract, a public agency shall determine the extent of the contractor's compliance with the requirement in subsection (2)(a)(A) of this section. The public agency shall base the 28determination on the ratio between the actual number of work hours that workers in 2930 apprenticeable occupations performed on the public works project and the actual number of 31 work hours that apprentices performed on the public works project, as shown in reports the public agency receives under subsection (4) of this section. 32

(b) If the public agency determines under paragraph (a) of this subsection that the con-3334 tractor has complied with the requirement in subsection (2)(a)(A) of this section, the public 35 agency, in accordance with the limitations set forth in subsection (3) of this section, shall make a final payment to the contractor that includes the contractor's imputed costs of 36 37 complying with the requirement. If the public agency determines that the contractor has not 38 complied with the requirement, the public agency shall deduct from the final payment due the contractor under the terms of the public works contract either an amount that is 39 equivalent to the contractor's imputed costs of complying with the requirement over the 40 entire term of the public works contract or an amount that is equivalent to the entire 41 42amount the public agency previously paid the contractor for the contractor's imputed costs, as appropriate. The contractor forfeits and may not collect any amount the public agency 43 deducts under this paragraph. 44

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(c) If the public agency pays the contractor for the contractor's imputed costs of com-

plying with the requirement in subsection (2)(a)(A) of this section in regular installments or 1 2 at periodic intervals, the public agency shall make the determination required under paragraph (a) of this subsection before each scheduled payment of the imputed costs. If the public 3 agency determines that the contractor complied with the requirement, the public agency 4 shall make the scheduled payment in accordance with the limitations set forth in subsection 5 (3) of this section. If the public agency determines that the contractor failed to comply with 6 the requirement during the interval that precedes a scheduled payment, the public agency 7 may withhold the scheduled payment. 8

9 (d) If a public agency previously paid a contractor an amount that exceeds the amount 10 due the contractor under paragraph (b) or (c) of this subsection, the public agency shall no-11 tify the contractor immediately and require the contractor to repay the excess amount 12 within 30 days after receiving the notice.

13 **SECTION 3.** Section 2 of this 2013 Act is amended to read:

14 Sec. 2. (1) As used in this section:

15 (a) "Apprentice" has the meaning given that term in ORS 660.010.

16 (b) "Apprenticeable occupation" has the meaning given that term in ORS 660.010.

17 (c) "Apprenticeship agreement" has the meaning given that term in ORS 660.010.

(d) "Apprenticeship training program" means the total system of apprenticeship that a particular
 local joint committee, as defined in ORS 660.010, operates, including the local joint committee's
 registered standards and all other terms and conditions for qualifying, recruiting, selecting, employing and training apprentices in an apprenticeable occupation.

22 (2)(a) A public agency shall:

(A) Require as a material term in each public works contract, the contract price of which exceeds \$5 million, that a contractor employ apprentices to perform at least [10] 12 percent of the
work hours that workers in apprenticeable occupations perform on the public works project; and

(B) Provide in the public works contract that, subject to subsection (3) of this section, the public
agency will pay the contractor at a rate of \$20 per hour for imputed costs the contractor incurs in
having apprentices perform the work.

(b) A contractor or subcontractor shall pay an apprentice for work on the public works project
at the hourly rate to which the apprentice is entitled under an apprenticeship agreement or that the
apprenticeship training program specifies.

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(c) This subsection does not apply to a public works project that does not use state funds.

(3) A public agency shall provide in the public works contract that if the contractor meets or 33 34 exceeds the requirement in subsection (2)(a)(A) of this section, the public agency will pay a contractor at the rate specified in subsection (2)(a)(B) of this section for the total number of work hours 35 that apprentices perform on a public works project up to a maximum amount that is equivalent to 36 37 the imputed costs the contractor would incur in having apprentices perform 15 percent of the work 38 hours that workers in apprenticeable occupations perform on the public works project. A public agency may not pay a contractor any amount for the contractor's imputed costs in having appren-39 40 tices perform work on the public works project if the contractor does not meet or exceed the requirement in subsection (2)(a)(A) of this section. 41

42 (4) A contractor shall report the extent of the contractor's compliance with this section to the 43 public agency on forms, with contents the public agency specifies by rule, and at regular intervals 44 that the public agency specifies in the public works contract. The forms and the contents that the 45 public agency specifies must include, at a minimum, a report in which the contractor provides a

1 detailed accounting of the total number of work hours each month and the cumulative total number 2 of work hours since the public works contract term began in which:

(a) Workers in apprenticeable occupations performed work on the public works project; and

4 (b) Apprentices performed work on the public works project. The contractor must identify each 5 apprentice that performed work on the public works project by name and by the identification 6 number that the Bureau of Labor and Industries issues for the apprentice.

7 (5) Subject to subsection (6) of this section, a public agency may pay a contractor for the 8 contractor's imputed costs in complying with the requirement in subsection (2)(a)(A) of this section 9 in regular installments or periodically during the term of the public works contract if the contractor 10 requests regular installment payments or periodic payments.

(6)(a) At least 30 days before making any final payment to a contractor under a public works contract, a public agency shall determine the extent of the contractor's compliance with the requirement in subsection (2)(a)(A) of this section. The public agency shall base the determination on the ratio between the actual number of work hours that workers in apprenticeable occupations performed on the public works project and the actual number of work hours that apprentices performed on the public works project, as shown in reports the public agency receives under subsection (4) of this section.

18 (b) If the public agency determines under paragraph (a) of this subsection that the contractor 19 has complied with the requirement in subsection (2)(a)(A) of this section, the public agency, in ac-20cordance with the limitations set forth in subsection (3) of this section, shall make a final payment to the contractor that includes the contractor's imputed costs of complying with the requirement. 2122If the public agency determines that the contractor has not complied with the requirement, the 23public agency shall deduct from the final payment due the contractor under the terms of the public works contract either an amount that is equivalent to the contractor's imputed costs of complying 2425with the requirement over the entire term of the public works contract or an amount that is equivalent to the entire amount the public agency previously paid the contractor for the contractor's 2627imputed costs, as appropriate. The contractor forfeits and may not collect any amount the public agency deducts under this paragraph. 28

(c) If the public agency pays the contractor for the contractor's imputed costs of complying with 2930 the requirement in subsection (2)(a)(A) of this section in regular installments or at periodic intervals, 31 the public agency shall make the determination required under paragraph (a) of this subsection before each scheduled payment of the imputed costs. If the public agency determines that the con-32tractor complied with the requirement, the public agency shall make the scheduled payment in 33 34 accordance with the limitations set forth in subsection (3) of this section. If the public agency de-35 termines that the contractor failed to comply with the requirement during the interval that precedes a scheduled payment, the public agency may withhold the scheduled payment. 36

(d) If a public agency previously paid a contractor an amount that exceeds the amount due the contractor under paragraph (b) or (c) of this subsection, the public agency shall notify the contractor immediately and require the contractor to repay the excess amount within 30 days after receiving the notice.

41 **SECTION 4.** Section 2 of this 2013 Act, as amended by section 3 of this 2013 Act, is amended 42 to read:

43 Sec. 3. (1) As used in this section:

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44 (a) "Apprentice" has the meaning given that term in ORS 660.010.

45 (b) "Apprenticeable occupation" has the meaning given that term in ORS 660.010.

1 (c) "Apprenticeship agreement" has the meaning given that term in ORS 660.010.

2 (d) "Apprenticeship training program" means the total system of apprenticeship that a particular 3 local joint committee, as defined in ORS 660.010, operates, including the local joint committee's 4 registered standards and all other terms and conditions for qualifying, recruiting, selecting, em-5 ploying and training apprentices in an apprenticeable occupation.

6 (2)(a) A public agency shall:

7 (A) Require as a material term in each public works contract, the contract price of which ex-8 ceeds [\$5 million] **\$2.5 million**, that a contractor employ apprentices to perform at least [12] **15** 9 percent of the work hours that workers in apprenticeable occupations perform on the public works 10 project; and

(B) Provide in the public works contract that, subject to subsection (3) of this section, the public
agency will pay the contractor at a rate of \$20 per hour for imputed costs the contractor incurs in
having apprentices perform the work.

(b) A contractor or subcontractor shall pay an apprentice for work on the public works project
at the hourly rate to which the apprentice is entitled under an apprenticeship agreement or that the
apprenticeship training program specifies.

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(c) This subsection does not apply to a public works project that does not use state funds.

18 (3) A public agency shall provide in the public works contract that if the contractor meets or exceeds the requirement in subsection (2)(a)(A) of this section, the public agency will pay a con-19 20tractor at the rate specified in subsection (2)(a)(B) of this section for the total number of work hours that apprentices perform on a public works project up to a maximum amount that is equivalent to 2122the imputed costs the contractor would incur in having apprentices perform [15] 20 percent of the 23work hours that workers in apprenticeable occupations perform on the public works project. A public agency may not pay a contractor any amount for the contractor's imputed costs in having 2425apprentices perform work on the public works project if the contractor does not meet or exceed the requirement in subsection (2)(a)(A) of this section. 26

(4) A contractor shall report the extent of the contractor's compliance with this section to the public agency on forms and with contents the public agency specifies by rule and at regular intervals that the public agency specifies in the public works contract. The forms and the contents that the public agency specifies must include, at a minimum, a report in which the contractor provides a detailed accounting of the total number of work hours each month and the cumulative total number of work hours since the public works contract term began in which:

(a) Workers in apprenticeable occupations performed work on the public works project; and

(b) Apprentices performed work on the public works project. The contractor must identify each
 apprentice that performed work on the public works project by name and by the identification
 number that the Bureau of Labor and Industries issues for the apprentice.

(5) Subject to subsection (6) of this section, a public agency may pay a contractor for the contractor's imputed costs in complying with the requirement in subsection (2)(a)(A) of this section in regular installments or periodically during the term of the public works contract if the contractor requests regular installment payments or periodic payments.

(6)(a) At least 30 days before making any final payment to a contractor under a public works contract, a public agency shall determine the extent of the contractor's compliance with the requirement in subsection (2)(a)(A) of this section. The public agency shall base the determination on the ratio between the actual number of work hours that workers in apprenticeable occupations performed on the public works project and the actual number of work hours that apprentices per-

1 formed on the public works project, as shown in reports the public agency receives under subsection

2 (4) of this section.

(b) If the public agency determines under paragraph (a) of this subsection that the contractor 3 has complied with the requirement in subsection (2)(a)(A) of this section, the public agency, in ac-4 cordance with the limitations set forth in subsection (3) of this section, shall make a final payment 5 to the contractor that includes the contractor's imputed costs of complying with the requirement. 6 If the public agency determines that the contractor has not complied with the requirement, the 7 public agency shall deduct from the final payment due the contractor under the terms of the public 8 9 works contract either an amount that is equivalent to the contractor's imputed costs of complying with the requirement over the entire term of the public works contract or an amount that is 10 equivalent to the entire amount the public agency previously paid the contractor for the contractor's 11 12 imputed costs, as appropriate. The contractor forfeits and may not collect any amount the public 13 agency deducts under this paragraph.

(c) If the public agency pays the contractor for the contractor's imputed costs of complying with 14 15 the requirement in subsection (2)(a)(A) of this section in regular installments or at periodic intervals, 16 the public agency shall make the determination required under paragraph (a) of this subsection before each scheduled payment of the imputed costs. If the public agency determines that the con-17 18 tractor complied with the requirement, the public agency shall make the scheduled payment in 19 accordance with the limitations set forth in subsection (3) of this section. If the public agency de-20termines that the contractor failed to comply with the requirement during the interval that precedes a scheduled payment, the public agency may withhold the scheduled payment. 21

(d) If a public agency previously paid a contractor an amount that exceeds the amount due the contractor under paragraph (b) or (c) of this subsection, the public agency shall notify the contractor immediately and require the contractor to repay the excess amount within 30 days after receiving the notice.

26 <u>SECTION 5.</u> ORS 351.086, as amended by section 48, chapter 104, Oregon Laws 2012, is 27 amended to read:

351.086. (1) Except as otherwise provided in this chapter and ORS chapter 352, the provisions 28of ORS chapters 182, 240, 270, 273, 276, 278, 279A, 279B, 279C, 282, 283, 291 and 292 and ORS 29180.060, 180.160, 180.210, 180.220, 180.225 and 180.230 do not apply to the Oregon University System. 30 31 (2) Notwithstanding subsection (1) of this section, the provisions of ORS 182.100, 182.109, 240.167, 276.073 to 276.090, 279A.065 (2), 279B.055 (3), 279C.380 (1)(a) and (3), 279C.600 to 279C.625, 32279C.800, 279C.810, 279C.825, 279C.830, 279C.835, 279C.840, 279C.845, 279C.850, 279C.855, 279C.860, 33 34 279C.865, 279C.870, 283.085 to 283.092, 291.200, 291.201 to 291.222, 291.223, 291.224 (2) and (6), 291.226, 291.272 to 291.278, 291.322 to 291.334, 291.405, 291.407, 291.445, 292.043 and 292.044 and 35 section 2 of this 2013 Act apply to the Oregon University System. 36

(3) Notwithstanding subsection (1) of this section, ORS 273.413 to 273.456 apply to any structure,
equipment or asset [*owned by*] that the Oregon University System owns and that is encumbered by
a certificate of participation.

40 (4) Notwithstanding subsection (6) of this section:

(a) The provisions of ORS chapters 35, 190, 192, 244 and 297 and ORS 30.260 to 30.460, 184.480,
184.483, 184.486, 184.488, 200.005 to 200.025, 200.045 to 200.090, 200.100 to 200.120, 200.160 to 200.200,
236.605 to 236.640, 243.650 to 243.782, 243.800, 243.820, 243.830, 243.850, 243.910 to 243.945, 307.090
and 307.112 apply to the Oregon University System under the same terms as [*they*] the provisions
apply to [*other*] public bodies other than the State of Oregon.

[6]

1 (b) The provisions of ORS chapter 286A and ORS 293.115, 293.117, 293.130, 293.169, 293.171, 293.205 to 293.225, 293.250, 293.265 to 293.280, 293.285, 293.295, 293.321, 293.353, 293.375, 293.406, 293.465 to 293.485, 293.490, 293.495, 293.525, 293.701 to 293.820, 293.875, 293.880 and 293.990 and 4 section 7 of this 2013 Act apply to the Oregon University System under the same terms as [*they*] 5 the provisions apply to state agencies with moneys [*held by*] the State Treasurer holds, to the 6 Oregon University System Fund established in ORS 351.506 and to any other moneys deposited with 7 or held by the State Treasurer for the Oregon University System.

8 (5) Notwithstanding subsections (1) and (6) of this section, the Oregon University System and 9 [*its*] **the** agents and employees **of the Oregon University System** remain subject to all statutes and 10 administrative rules of this state that create rights, benefits or protections in favor of military vet-11 erans, service members and families of service members to the same extent as an agency of this 12 state would be subject to such statutes and administrative rules.

13 (6)(a) Except as provided by paragraph (b) of this subsection, the Oregon University System, as 14 a distinct governmental entity, is not subject to any provision of law enacted after January 1, 2011, 15 with respect to any governmental entity, that is unique to governmental entities, unless the pro-16 vision specifically provides that [*it*] **the provision** applies to the Oregon University System.

(b) To the same extent as state agencies that borrow through the State Treasurer or that have moneys held in the State Treasury, the Oregon University System is subject to any provision of law enacted after January 1, 2011, that relates to or affects the borrowings of the Oregon University System through the State Treasurer or the deposit, payment or investment of moneys held in the Oregon University System Fund or any other moneys held for the Oregon University System in the State Treasury.

(7) In carrying out the duties, functions and powers imposed by law upon the Oregon University
System, the State Board of Higher Education or the Chancellor of the Oregon University System
may contract with any public agency [for the performance of such] to perform duties, functions and
powers [as] that the board or chancellor considers appropriate.

27 <u>SECTION 6.</u> Section 7 of this 2013 Act is added to and made a part of ORS 660.002 to 28 660.210.

<u>SECTION 7.</u> (1) Except as provided in subsection (2) of this section, a public agency may not enter into a contract for public works, as defined in ORS 279C.800, that uses state funds and for which the contract price exceeds \$5 million unless the public agency has verified that every employer under the contract, including the contractor and any subcontractor, is a training agent that is approved by a local joint committee under ORS 660.137.

(2) A public agency may enter into a contract described in subsection (1) of this section
 even if an employer is not an approved training agent if the employer is not an approved
 training agent because a local joint committee or a program for the apprenticeable occupa tions the employer uses does not exist in this state.

(3) If a local joint committee for an apprenticeable occupation that an employer uses does
not exist in the county in which the employer is located, the State Director of Apprenticeship
and Training may extend the jurisdiction of a local joint committee in an adjoining county
to the county in which the employer is located. The director's action is subject to the State
Apprenticeship and Training Council's ratification.

43 **SECTION 8.** Section 7 of this 2013 Act is amended to read:

44 Sec. 7. (1) Except as provided in subsection (2) of this section, a public agency may not enter 45 into a contract for public works, as defined in ORS 279C.800, that uses state funds and for which

the contract price exceeds [\$5 million] \$2.5 million unless the public agency has verified that every
 employer under the contract, including the contractor and any subcontractor, is a training agent
 that is approved by a local joint committee under ORS 660.137.

4 (2) A public agency may enter into a contract described in subsection (1) of this section even 5 if an employer is not an approved training agent if the employer is not an approved training agent 6 because a local joint committee or a program for the apprenticeable occupations the employer uses 7 does not exist in this state.

8 (3) If a local joint committee for an apprenticeable occupation that an employer uses does not 9 exist in the county in which the employer is located, the State Director of Apprenticeship and 10 Training may extend the jurisdiction of a local joint committee in an adjoining county to the county 11 in which the employer is located. The director's action is subject to the State Apprenticeship and 12 Training Council's ratification.

13 SECTION 9. Sections 2 and 7 of this 2013 Act and the amendments to ORS 351.086 by 14 section 5 of this 2013 Act apply to contracts for public works that a public agency first ad-15 vertises or otherwise solicits or, if the public agency does not advertise or solicit the con-16 tract for public works, to contracts for public works that the public agency enters into on 17 or after the operative date specified in section 10 (1)(a) of this 2013 Act.

18 <u>SECTION 10.</u> (1)(a) Sections 2 and 7 of this 2013 Act and the amendments to ORS 351.086
 19 by section 5 of this 2013 Act become operative January 1, 2014.

(b) Section 2 of this 2013 Act, as amended by section 3 of this 2013 Act, becomes operative
 January 1, 2016.

(c) Section 2 of this 2013 Act, as amended by section 4 of this 2013 Act, and section 7 of
 this 2013 Act, as amended by section 8 of this 2013 Act, become operative January 1, 2018.

(2) The Attorney General, the Director of the Oregon Department of Administrative 24Services, the Director of Transportation or a public agency that adopts rules under ORS 25279A.065 may take any action before the operative date specified in subsection (1)(a) of this 2627section that is necessary to enable the Attorney General, the director or the public agency to exercise, on and after the operative date specified in subsection (1)(a) of this section, all 28of the duties, functions and powers conferred on the Attorney General, the director or the 2930 public agency by sections 2 and 7 of this 2013 Act and the amendments to ORS 351.086 by 31 section 5 of this 2013 Act.

32 <u>SECTION 11.</u> This 2013 Act being necessary for the immediate preservation of the public 33 peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect 34 on its passage.

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