

## **HB 2408 -4, -5 STAFF MEASURE SUMMARY**

### **House Committee On Business and Labor**

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**Prepared By:** Jan Nordlund, LPRO Analyst

**Meeting Dates:** 4/8

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#### **WHAT THE MEASURE DOES:**

Defines "funds of a public agency," for purposes of determining which projects are subject to prevailing wage requirements, to include tax credits or tax abatements received by contractor from the state in connection with the project. Becomes operative January 1, 2020. Takes effect 91st day following adjournment sine die.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

-4 Replaces measure. Defines "public works," for purposes of determining which projects are subject to prevailing wage requirement, to include private projects located in an enterprise zone in which business has or will receive a property tax exemption and that has a total project costs of at least \$20 million. Applies to contract for public works into which public agency first enters on or after operative date, which is 91 days after effective date of bill. Declares emergency, effective on passage.

-5 Replaces measure. Defines "public works," for purposes of determining which projects are subject to prevailing wage requirement, to include private projects located in an enterprise zone in which business has or will receive a property tax exemption and that has a total project costs of at least \$30 million. Applies to contract for public works into which public agency first enters on or after operative date, which is 91 days after effective date of bill. Declares emergency, effective on passage.

##### **BACKGROUND:**

Under Oregon law, the hourly wage for the workers of any contractor performing a public works contract must be equal to or greater than the prevailing wage rate. The Bureau of Labor and Industries sets the prevailing wage rate based upon the specific trade and region where the workers perform the labor.

Though there are exemptions, public works projects are generally covered by the state's prevailing wage if the total project cost exceeds \$50,000 and the project is for construction, reconstruction, major renovation or painting projects in which public agency performs or contracts for. Any project, public or private, for construction, reconstruction, major renovation or painting that uses at least \$750,000 in public funds is subject to prevailing wage rate requirements. Public funds is defined to exclude tax credits or tax abatements. Also subject to prevailing wage requirements are private projects in which one or more public agencies will occupy or use at least 25 percent of the project's square footage. Solar projects on property owned by a public body are also subject. Finally, projects on real property owned by a public university are subject.

Enterprise zones are sponsored and administered by a city, county, tribe, port, or any combination of such governments. There are currently 72 enterprise zones in Oregon. A zone must have 50 percent or more households with incomes below 80 percent of the state median, an unemployment rate that is two or more percentage points higher than the state unemployment rate, or similar severe economic hardship. The standard enterprise zone program provides eligible businesses with a three-year total exemption from property taxes. The abatement may be extended for an additional two years.