

Pacific Northwest Regional Council of Carpenters



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April 30, 2019

House Bill 2408A Testimony

To: Senator Kathleen Taylor, Chair
Senator Tim Knopp, Vice Chair
Senator Laurie Monnes-Anderson
Senator Bill Hansell
Senator Jeff Golden

Fr: Matt Swanson, Pacific Northwest Regional Council of Carpenters

Re: Support for House Bill 2408A

Chair Taylor, Vice Chair Knopp and Members of the Committee:

The Pacific Northwest Regional Council of Carpenters represents over 24,000 working Carpenters throughout the region. Carpenters in Oregon have actively supported projects receiving tax credits or abatements like those described in House Bill 2408A. On one of those projects, a data center, that a journey level worker Melody Engstrom has been able to work on a project near her home in Madras. In places like Madras these sorts of jobs don't come around too often and this was the first time in many years that she did not have to travel for work.

On that same job, not all Oregon workers were able to have the same benefit of the construction work that this tax-payer subsidized project brought to her area. The Ironworkers on this center were brought in from as far away as Texas. The company relied on out of state workers when we have a skilled workforce here in Oregon that has a strong record of completing these projects on time and on budget.

As Representative Greg Smith from Hepner noted when discussing that the purpose of enterprise zones and economic development was to create family wage jobs,

“Who better to provide those family wage jobs than the men and women in the trades? In District 57...Morrow County has the fifth highest per capita income in the State...The reason for that is that we put men and women to work paying the prevailing wage on big commercial projects...When there was questions about building data centers, our

tradesmen and women were there. For me it is pretty simple, they have been there as a key partner in economic development.”¹

The Pacific Northwest Regional Council of Carpenters knows that our access to skilled labor is a major selling point for companies that wish to come here. Oregon’s prevailing wage sets our area standard for wages, fringe benefits and training funds. These standards help promote a growing and essential workforce to meet the needs of our partners in economic development.

Supporting House Bill 2408A will ensure that when projects over \$20 million are built using public subsidies that those projects will follow our local standards for construction labor. This will ensure that we increase opportunities for local workers and contractors to meet the needs of companies like those that are currently benefiting from enterprise zone tax credits and abatements.

Some may argue that applying prevailing wage to these projects will drive up project costs, but based on our research this is simply not the case. "80% of peer-reviewed studies conclude that wage policy does not affect the cost of building public schools. For all project types examined, 75% of studies reach the same conclusion."²

Why? Because labor costs make up a smaller share of all project costs, 23% across the US. When labor rates increase, more experience and skilled workers tend to be employed on the project. These peer reviewed studies found that these workers tend to be more productive, to offset higher wage rates. Higher wage workers tend to have better productivity which can lead to faster completion times and lower material costs due to less avoidable mistakes.

We urge you to support House Bill 2408A.

¹ Floor Speech of Representative Greg Smith in support of House Bill 2408. April 17th, 2009. Found on-line at: http://oregon.granicus.com/MediaPlayer.php?clip_id=4b41c65a-458c-48cd-a950-843cd1b9718f&meta_id=8ade0371-a619-40f4-a914-b8815eaa866c

² “The Economic, Fiscal, and Social Impacts of State Prevailing Wage Laws: Choosing Between the High Road and the Low Road in the Construction Industry.” Manzo, Lantsberg and Duncan. February 9, 2016. Found on-line at: <http://www.smartcitiesprevail.org/wp-content/uploads/2017/02/PW-national-impact-study-FINAL2.9.16-1.pdf>