

## HB 2408 A -A9, -A12, -A13 STAFF MEASURE SUMMARY

### Senate Committee On Workforce

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**Meeting Dates:** 4/30, 5/21, 5/23

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

Defines "public works," for purposes of determining which projects are subject to prevailing wage requirements, to include project for construction, reconstruction, or performing a major renovation of privately owned road, highway, building, structure, or improvement of any type that is located in an enterprise zone, has or will receive property tax exemptions, and has a total cost of at least \$20 million. Becomes operative 91 days after effective date. Declares emergency, effective on passage.

#### **ISSUES DISCUSSED:**

House Business and Labor (6-5); House floor (38-20). No revenue impact; fiscal impact issued (see OLIS).

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

-A9 Changes "project cost" to "costs of construction, reconstruction, or renovation" for purposes of determining total estimated cost of public works project.

-A12 Raises total project cost from \$20 to \$25 million for purposes of determining whether a public works project in an enterprise zone must pay prevailing wage. Re-defines "public works" to provide that a project using \$750,000 or more of funds of a public agency (defined in the bill as including the value of an enterprise zone property tax exemption) is not subject to prevailing wage requirements except as provided by the new section 1(6)(a)(E).

-A13 Removes from definition of "funds of a public agency" the value of an enterprise zone property tax exemption so that these valuations no longer count towards the \$750,000 in public spending that would otherwise trigger a prevailing wage for a public works project. Raises total project cost from \$20 to \$25 million for purposes of determining whether a public works project in an enterprise zone must pay prevailing wage. Clarifies that total project costs shall be estimated by enterprise zone sponsor instead of "public agency" or "lead public agency".

#### **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

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*This summary has not been adopted or officially endorsed by action of the committee.*

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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 indicators of severe economic hardship. The standard enterprise zone program provides eligible businesses with a three-year total exemption from property taxes if they meet statutory and local criteria. The abatement may be extended for an additional two years.

House Bill 2408-A requires prevailing wage rate be paid on projects in enterprise zones in which a property tax exemption has or will be received and in which total project cost is at least \$20 million.