

HB 2408 A STAFF MEASURE SUMMARY

Carrier: Rep. Fahey

House Committee On Business and Labor**Action Date:** 04/08/19**Action:** Do pass with amendments. (Printed A-Eng.)**Vote:** 6-5-0-0**Yeas:** 6 - Barker, Clem, Doherty, Evans, Fahey, Holvey**Nays:** 5 - Barreto, Boles, Bonham, Boshart Davis, Bynum**Fiscal:** Fiscal impact issued**Revenue:** No revenue impact**Prepared By:** Jan Nordlund, LPRO Analyst**Meeting Dates:** 4/8**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:

- Policy intent of prevailing wage rate requirements
- Creation of permanent jobs through enterprise zone programs and benefits to community
- Whether construction workers on projects in enterprise zone are paid union-level wages
- Whether projects would be built if subject to prevailing wage rate
- Participants in work group

EFFECT OF AMENDMENT:

Replaces measure.

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 if they meet statutory and local criteria. The abatement may be extended for an additional two years.

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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.