

**FISCAL IMPACT OF PROPOSED LEGISLATION**

Measure: SB 493 - 1

81st Oregon Legislative Assembly – 2021 Regular Session  
Legislative Fiscal Office***Only Impacts on Original or Engrossed  
Versions are Considered Official***

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**Measure Description:**

Provides that prevailing rate of wage for trade or occupation in locality is rate of wage set forth in collective bargaining agreement for trade or occupation in locality or, if more than one collective bargaining agreement covers trade or occupation in locality, average of rate of wage set forth in collective bargaining agreements for trade or occupation in locality.

**Government Unit(s) Affected:**

Bureau of Labor and Industries (BOLI), Employment Department (OED), Department of Administrative Services (DAS), Oregon Judicial Department (OJD), Oregon Department of Transportation (ODOT), Cities, Counties

**Summary of Fiscal Impact:**

Costs related to the measure are indeterminate at this time - See explanatory analysis.

**Analysis:**

SB 493 with the -1 amendment changes the way in which prevailing wage rates (PWR) are established in public improvement contracts. The measure establishes a two-tiered system in which prevailing wages are first calculated as the rate of wage set forth in the collective bargaining agreement for the trade or occupation in the locality. If one or more collective bargaining agreements exists in the locality, the highest rate among the wages in these collective bargaining agreements is used. If no collective bargaining agreements exist, the Bureau of Labor and Industries (BOLI) Commissioner shall determine the rate of wage by conducting an independent wage survey in the locality. The changes proposed in the measure apply to public improvement contracts advertised, solicited, or entered into on or after January 1, 2022. The measure authorizes the BOLI Commissioner to adopt rules and take action before the operative date.

Passage of this measure is anticipated to have minimal impact on BOLI and the Employment Department (OED). Current law requires the BOLI Commissioner to determine the PWR for workers in each trade or occupation on an annual basis by means of an independent wage survey and a supplemental process. BOLI contracts with OED to complete this survey and BOLI's Wage and Hour Division Prevailing Wage Unit completes the supplemental process. With passage of this measure, BOLI would only be required to determine the PWR for workers if a collective bargaining agreement does not exist for the trade or occupation in the locality. BOLI cannot predict how many smaller surveys it would need to do in localities without collective bargaining agreements. Any savings that is realized with the elimination of the requirement for the large statewide survey would be redirected to these smaller surveys and to the investigation, enforcement, and education of the PWR law.

In addition, the changes proposed in the measure will alter the rates of wage applicable to public improvement contracts, beginning January 1, 2022. These changes may increase the overall cost of public improvements if the rates of wage in collective bargaining agreements in localities where state projects are located, are higher than current rates. This potential increase is indeterminate depending on collective bargaining agreements.