

## HB 2419 STAFF MEASURE SUMMARY

### House Committee On Business and Labor

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

**Meeting Dates:** 2/10, 4/7

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#### WHAT THE MEASURE DOES:

Provides that the prevailing wage for a trade or occupation in a region is the highest collectively bargained rate for the trade or occupation in that region. Directs the Commissioner of the Bureau of Labor and Industries to conduct an independent wage survey if a collective bargaining agreement does not exist for a trade or occupation in a region. Authorizes the Commission to consider additional information. Applies to public works procurements solicited on or after the operative date of January 1, 2022. Takes effect 91st day following adjournment *sine die*.

#### ISSUES DISCUSSED:

##### EFFECT OF AMENDMENT:

No amendment.

##### BACKGROUND:

Under Oregon law, a worker performing work on a public works project must be paid at least the prevailing wage rate. The purposes of the prevailing wage laws, as provided in ORS 279C.805, are as follows:

- Ensure that contractors compete on the ability to perform work competently and efficiently while maintaining community-established compensation standards.
- Recognize that local participation in publicly financed construction and family wage income and benefits are essential to the protection of community standards.
- Encourage training and education of workers to industry skills standards.
- Encourage employers to use funds allocated for employee fringe benefits for the actual purchase of those benefits.

The Commissioner of the Bureau of Labor and Industries (BOLI) determines the prevailing wage rate for each specific trade in 14 regions. 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. 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.

In 1997, the Legislative Assembly directed the Commissioner to determine the wage for approximately 50 trades and occupations in each region by means of an independent wage survey. Chapter 810, Oregon Laws 1997. If the Commissioner determines that the data from the survey is insufficient to determine the prevailing rate, the Commissioner can consider additional information such as collective bargaining agreements, other independent wage surveys, and the federally determined prevailing wage. When there is not a majority of hours worked in the trade paid at the same rate, then the prevailing wage is the average paid to the workers in same trade in the specific region.

The construction industry wage survey is conducted annually by the Oregon Employment Department under a contract with BOLI. All non-residential contractors are required to respond to the survey even if they do not

**HB 2419 STAFF MEASURE SUMMARY**

perform work on public works; and information provided is confidential and not available for inspection by the public. Information is collected for four selected weeks of the year.

The cost of the survey is covered through a 0.1 percent assessment on the contract price of all public works projects, paid by the public contracting agency. The assessment on any project must not be less than \$250 or more than \$7,500. The assessment also supports the Commissioner's administration and enforcement of prevailing wage rate laws as well as education programs on public contracting law.

House Bill 2419 establishes that the prevailing wage is the highest collectively bargained rate for the trade or occupation in the region. When there is not a collectively bargained rate in the region, the Commissioner of BOLI is to conduct an independent wage survey in the region to determine the prevailing wage rate.