



March 7, 2023

TO: Members of the Senate Committee on Labor and Business

FR: Derek Sangston, Oregon Business & Industry

RE: Opposition to SB 850

Chair Taylor, Vice-Chair Bonham, members of the Senate Committee on Labor and Business. For the record, I'm Derek Sangston, policy director and counsel for Oregon Business & Industry.

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to testify in opposition to SB 850. For OBI, this is not a union or nonunion labor issue. OBI opposes SB 850 because by requiring project labor agreements (PLA) on any public contract valued at \$750,000 or more, as the base bill would, or allowing a public body the unilateral choice to accept one, as the dash-two amendment would, the bill would unfairly exclude many of Oregon's local contractors from bidding on public projects.

The Oregon legislature passed the public contracting code to, among other things, ensure open and competitive bidding on public projects and promote the efficient use of state and local government resources. The PLA provisions contained in both the base bill and the dash-two amendment would disrupt those goals by excluding open shop companies, which comprise a large portion of Oregon's locally owned contractors, from public bids. Even when a contractor is a union contractor, its subcontractors may be open shop and thus still excluded from these bids.

Under the public contracting code, public projects should generally be awarded to the company that best serves the public - by providing a good or service at the price that maximizes the public's economic investment. By favoring PLAs so extensively, SB 850, even as potentially amended, would increase the costs for taxpayers and the state instead of using government resources efficiently.

Finally, it is also important to note how SB 850 could impact Oregon's ability to capitalize on federal money earmarked for infrastructure investments. For instance, hundreds of millions of dollars will be coming to the state to invest in broadband infrastructure projects through a grant process that will potentially include additional private investment and public/private partnerships. If passed, OBI is concerned SB 850 would have a negative impact on that investment, which is key for Oregon communities lacking access to broadband.

Thank you for your consideration.

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