



1149 Court St. NE
Salem, OR 97301
(503) 364-4450
NFIB.com

March 8, 2023

To: The House Committee on Business and Labor
From: Anthony K. Smith, National Federation of Independent Business
Re: NFIB Written Testimony in Opposition to HB 2057

Chair Holvey, Vice-Chairs Elmer & Sosa, and Members of the Committee:

On behalf of the thousands of Oregon small business members of the National Federation of Independent Business, many being the smallest of small businesses, I would like to express our opposition to HB 2057, which would make general contractors liable for the unpaid wages of its subcontractors.

As serious as the issue of unpaid wages is – and as much as we all want to go after the bad actors who take advantage of the system, the law must be even-handed. The state has an interest in both protecting workers, and those businesses that follow the law, which is why NFIB opposes HB 2057.

Making one independent business liable for the unpaid wages of another is a dangerous precedent to set. At a time when general contractors are facing increased challenges to keep up with current demands for new housing construction, it seems counterproductive to adopt a policy that would further discourage builders from meeting the housing needs of their communities.

In 2016, the legislature passed SB 1587, which (among many other provisions) allowed for dollars in the Wage Security Fund to be used by the Bureau of Labor and Industries (BOLI) to investigate and enforce claims of underpaid and unpaid wages. As a reminder, the Wage Security Fund is fully paid-for by employer Unemployment Insurance payroll taxes for the purpose of paying valid wage claims when the employer is unable to do so.

In 2019, the legislature passed HB 3193, which increased the maximum wages that may be paid out to an individual worker from the Wage Security Fund from \$4,000 to \$10,000 as well as allowing the Construction Contractors Board to suspend licenses of contractors failing to pay valid claims.

Then in 2021, the legislature passed HB 2818, which allowed BOLI to pay wage claims out of the Wage Security Fund, after a final order, if the employer has not paid the owed wages – even if the employer is still in businesses (prior to this change, the business must have ceased operations).

All of these bills enjoyed broad bipartisan support, but HB 2057 is not an approach NFIB can support because it fundamentally holds the wrong party responsible for breaking the law.

NFIB respectfully asks you to vote NO on HB 2057.

Thank you for your time and consideration,



Anthony K. Smith
NFIB Oregon State Director