

March 9, 2023

RE: House Bill 2057

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

Associated General Contractors – Oregon Columbia Chapter represents a broad cross-section of the commercial construction industry, including open shop and union, rural and metro, highway and building contractors. Most of our members are small, homegrown businesses.

First, let me start by saying that AGC absolutely opposes wage theft. This is both a moral issue and a competitive issue. Morally – these workers should be paid for the work they do. Competitively – bad actors who are cheating their workers are able to underbid our members who are doing the right thing: paying their workers what they are owed. AGC has engaged past sessions in discussions about how to combating wage theft, including SB 1587 from the 2016 and HB 3193 from the 2019 Session. Specifically, AGC supported HB 3193, which made a variety of changes to statute to help victims of wage theft and penalize bad actor contractors. This included the ability for the CCB to revoke licenses of contractors who did not pay their wage claims, and to increase the amount that unpaid workers are able to recover from the wage security fund.

While those previous bills that passed were targeted efforts to get at wage theft, House Bill 2057 does not take a targeted approach at the bad actors, or at making the workers whole. The bill would make general contractors responsible for the wages that the subcontractors fail to pay to their employees. There is nothing in the bill that would require knowledge on the general contractor's part, that the subcontractor wasn't paying. Thus, a general contractor will be penalized for something they didn't know about and was beyond their control.

This bill also has unintended consequences, one of which is to negatively impact new construction businesses. Under this bill, a general contractor will be liable if their subcontractor doesn't pay their workers' wages. Because of this, contractors are less likely to hire new subcontractors because they don't want to be tied to the liability of an unknown. Instead, they will likely choose more established subcontractors, thereby disadvantaging small new businesses. Also, it will likely result in lengthy delays in getting the workers paid, as compared to other options that could be explored. If workers have to engage in a lawsuit to get their wages back, this could take years. Instead, we should be looking at other solutions to the

2023 OFFICERS

Steve Malany
President

Joel Frasier
*First
Vice President*

Dylan Bochsler
*Second
Vice President*

Brandon Flint
Secretary

Joe McDonnell
Treasurer

Scott Williams
*Immediate
Past President*

EXECUTIVE DIRECTOR
Mike Salsgiver

The Voice & Choice of the Construction Industry!

 @AGCOreCol •  agcorecol

problem of wage theft that will be more targeted at getting the results needed in a more timely manner.

Other potential solutions to this issue should be considered, instead of penalizing contractors that haven't done anything wrong. Those could include looking at wage bonds for those with adjudicated wage claims. This would serve as both a deterrent for those who might commit wage theft, as well as a flag for general contractors to know that these contractors have a questionable history. Another option would be to look at labor brokers in Oregon and what needs to be done to hold them accountable. From the testimony presented, it appears that the real problem lies with labor brokers. A targeted solution to this problem would look at how to hold them accountable, such as through licensure and bonding.

Also, I'd like to note that AGC supports SB 228, which will give the CCB further tools to deal with the bad actors who are popping up with new licenses after losing their licenses. This gets at actual bad actors to help decrease the instances of this kind of wage theft.

For complex issues like this, there needs to be broad industry discussion so that we can get at the problem, while minimizing unintended consequences. We did have a very robust conversation earlier in session, but needed more discussion to reach a solution. I look forward to further conversations with the bill proponents to try to find a solution that will get at these bad actors, without shifting liability throughout the construction pipeline, and disadvantaging new companies.

Thank you for your consideration.

Best Regards,



Kirsten Adams
Associated General Contractors
Public Affairs Director and Council

2023 OFFICERS

Steve Malany
President

Joel Frasier
*First
Vice President*

Dylan Bochsler
*Second
Vice President*

Brandon Flint
Secretary

Joe McDonnell
Treasurer

Scott Williams
*Immediate
Past President*

EXECUTIVE DIRECTOR
Mike Salsgiver



The Voice & Choice of the Construction Industry!

 @AGCOreCol •  agcorecol