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House Committee on Business and Labor

Testimony in support of HB 2057

03/08/2023

Chair Holvey, Vice chairs Sosa and Elmer, members of the committee,

On behalf of the Oregon Law Center, please accept this testimony in support of HB 2057, which holds contractors liable for unpaid wages, made by employees or subcontractors at any level.

OLC's mission is to achieve justice for low-income communities of Oregon by providing a full range of the highest quality civil legal services. Many of our clients have incomes at or below the federal poverty level, and work hard to provide the necessities for themselves and their family.

Everyone should be compensated properly and fairly for their work. HB 2057 is an important pathway to address the issue of wage theft in the construction industry. Wage theft robs an individual's ability to take care of themselves and their families, and it disproportionately impacts low wage workers, women, people of color, and immigrant workers. In addition, when someone experiences wage theft, their economic well-being and stability suffers in the long run because of the lack of contributions to their social security, unemployment insurance, paid leave Oregon, or tax accounts.

Wage theft in the construction industry is particularly complex. The transient nature of construction complicates the wage claim process. Any construction job site may employ multiple tiers or layers of contractors between workers and project owners. The tiers of employment make it difficult for workers to reclaim unpaid wages because each tier is free from any liability to the next. Additionally, workers may choose to not report wage theft for fear of retaliation, especially if other factors are at play, such as immigration status.

On top of this, current law and rules do not offer adequate and timely pathways for workers in the construction industry:

- Construction Contractor Board and BOLI labor contractor bonds are important but are usually only available when the labor brokers are licensed. When there is a bond, it is a limited amount of money that may not cover all unpaid wages, especially if there are number of workers who were not paid.

- The Wage Security Fund is an option only if employer is no longer in business which can be difficult to prove. Workers can get a maximum of up to \$10,000 of unpaid wages for work performed within the last 60 days of employment unless the worker goes to BOLI or to court and obtains a final judgment.
- Construction liens have a very short deadline, require providing notice and filing claim (which requires investigation and pay fees), and only apply to the property where the work was done, which is difficult for workers who work at multiple properties.
- Joint employer liability under minimum wage laws involves a complicated multi-factor test that only provides minimum wage protections and not contract wage, which is usually much more.

General contractors are in a better position than workers to prevent wage theft in the first place by contracting only with licensed subcontractors and labor brokers and reviewing payroll records. They are also in a better position in the event workers are not paid to pursue claims against the bad actor.

We thank this committee for your time and attention on this urgent matter and we urge your support for HB 2057.

Thank you for the opportunity to provide testimony.