



February 12, 2024

**TO:** Members of the House Committee on Business and Labor

**FR:** Derek Sangston, Oregon Business & Industry

**RE:** OBI Support for HB 4050

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Chair Holvey, Vice-chairs Elmer and Sosa, members of the committee. For the record, I'm Derek Sangston, policy director and counsel for Oregon Business & Industry (OBI).

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. 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 support of HB 4050. Today OBI, and a coalition of nearly 50 public and private employer organizations, is asking for the Legislature to give us the flexibility we need to pay our workforce more so we can compete with other employers worldwide. Our coalition is comprised of organizations representing Oregon's biggest employers and its smallest, Oregon's tech employers, its agricultural employers, its hospitality employers, its health care employers, and its construction employers. Our coalition includes Oregon's biggest city and the association representing Oregon's smallest county. It includes public employers including school districts, transit districts, and public health programs. We are all asking you to pass HB 4050.

While employers nationwide are all working to recruit and retain workers in the face of a persistent workforce shortage, employers in Oregon additionally face several other workforce challenges including those arising from Oregon's high cost of living, high personal income tax burden, and the unfortunate narrative that our communities are unsafe and plagued by unmitigated drug use. Unfortunately, Oregon employers are also put at a competitive disadvantage compared to employers in other states when developing their workforce because no other state restricts the ability of employers to pay workers as strictly as Oregon.

HB 4050 provides Oregon employers the flexibility to compete with out-of-state employers while still maintaining strong protections under Oregon's Pay Equity Act. The bill would do this by adding a "bona fide" factor relied on by other states with strong pay equity protections, including New York and California, to Oregon's own pay equity law. Those states have the second and third most narrow pay gaps, respectively.

Instead of broadly giving employers the ability to pay retention bonuses after at least 30 days on the job as last year's bill would have done, HB 4050 would allow for a pay differential only when the pay differential is not based on a worker's status in a protected class, is consistent with a

business necessity, and fulfills the underlying purpose of the business necessity. If a worker believes a business necessity could have been resolved without creating a pay differential, the worker may file a complaint and receive all of Oregon's protections against pay discrimination.

Without HB 4050, Oregon public and private employers will continue to lack a vital tool to build Oregon's workforce and continue lose workers to other states – like Washington and California – where employers have more flexibility to respond the country's chronic workforce issues. The bill would also help complement any investment the Legislature is able to make to bolster Oregon's behavioral health systems and housing supply. Even if the bills on those issues pass the Legislature tomorrow, Oregon simply does not have the workforce right now to adequately get Oregon's neediest residents off the street and into treatment programs or build the 36,000 housing units needed every year to tackle the state's housing crisis. HB 4050 would help by giving employers a tool their competitors in other states use regularly to entice our workers to those states.

For these reasons, OBI respectfully requests the committee to support HB 4050. Thank you for your consideration.

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