



February 19, 2024

Senator Taylor, Chair
Senate Committee on Labor and Business
900 Court Street NE
Salem, OR 97301

RE: Support for HB 4006 A

Chair Taylor, Vice-Chair Bonham, and Members of the Committee:

My name is Lorne Bulling, and I am political coordinator for the Ironworkers Local 29 and I am also here today on behalf of our signatory contractor partners. Local 29 represents more than 1,400 journey-level workers and 300 registered apprentices across Oregon and Southwest Washington and our contractor partners represent more than 30 businesses of all sizes.

We are in strong support of HB 4006 A. With the way the retainage system works, it is hard for our contractors to know when they will be paid for a project—and for ironwork, as are one of the first crafts on and off the job, this means that in many cases our contractors are not paid for a year or more even though their work is finished and approved.

Cash flow is important to all businesses, but even more so for small businesses like many of our signatory contractors. They need to pay for materials, skilled labor, and crucial worker benefits like family healthcare and retirement, and this can be hard to do when there is a lot of uncertainty around payment schedule. By allowing our subcontractors to use a surety bond in lieu of retainage to provide the project owner security, it creates more financial flexibility for existing businesses to grow and will also make it easier for new businesses to get into the industry and diversify our contractor pool.

Surety bonds in lieu of cash retainage is not new. In fact, this was passed into law in Washington state for public projects first, and then updated in 2023 to allow the use of bonds on private projects. HB 4006 A seeks to provide agencies clarification that they have the obligation to accept bonds in lieu of cash retainage on public works construction projects—but still allows a project owner, such as the City of Portland, to reject a surety bond if “the agency first finds in writing good cause for the rejection that is based on unique project circumstances.”

We urge your support of HB 4006 A—let’s create a more business and worker friendly environment in Oregon, better align our retainage policy with Washington, and make it easier for diverse workers to start a business, and for existing subcontractors to grow.

Lorne Bulling
Ironworkers Local 29