

HB 2688 -5 STAFF MEASURE SUMMARY

House Committee On Labor and Workplace Standards

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Meeting Dates: 2/24, 3/26, 4/7

WHAT THE MEASURE DOES:

Expands definition of public works for purpose of prevailing wage rate (PWR) to include custom, off-site fabrication, assembly or production of goods, materials, modules, components, structures, supports or fixtures or parts of fixtures that are not standard that are specifically for use in public works or that become part of public works.

Fiscal impact: Statement not yet issued

Revenue impact: Statement not yet issued

ISSUES DISCUSSED:

- Purpose of Oregon's Prevailing Wage Rate (PWR) Law
- Expansion of PWR to include manufacturing
- Benefits of PWR
- Current use of off-site fabrication on public works projects
- Definition of "custom" and "not standard"
- Distinction between "custom" prefabrication for a specific project and standard industry prefab components
- Application of PWR to out-of-state and international manufacturers.
- Fiscal impact to BOLI for enforcement
- Ability for BOLI to set wage rate for manufacturing under current methodology
- Changes in amendment
- Definition of "bespoke"
- Impact on competitions, costs of public works projects
- Timelines for public projects and need to utilize off-site prefabrication
- Ability of a employer to track employees working on systems for prevailed projects and those working on non-prevailed projects
- Pay equity
- Interstate commerce clause

EFFECT OF AMENDMENT:

-5 Applies the prevailing wage rate (PWR) to bespoke, off-site fabrication, preconstruction, assembly or construction work performed specifically for, and in accordance with specifications public works projects as defined in 279C.800 (6)(a)(A-F).

Removes application to other work that involves fabricating or prefabricating modules, components, structures, supports or fixtures or parts of fixtures in accordance with specifications for particular public works.

Requires the Attorney General, the Director of the Oregon Department of Administrative Services, the Director of the Oregon Department of Transportation and a contracting agency that adopts rules under ORS 279A.065 or 279A.070 to adopt rules.

Requires the Bureau of Labor and Industries (BOLI) to adopt rules that, among other items, specify which manufacturing and which standard inventory items are excluded from the definition of public works and the requirements for reporting off-site work.

Becomes operative on July 1, 2026.

Fiscal impact: Fiscal lite

Revenue impact: No revenue impact

BACKGROUND:

The prevailing wage rate (PWR) is the hourly wage, including all fringe benefits, that the Commissioner of the Bureau of Labor and Industries (BOLI) determines is paid in the locality to the majority of workers employed in a specified trade or occupation. Contractors and subcontractors must pay the PWR to workers on certain public works projects. The Commissioner is required to determine the PWR at least once each year. The PWR for a trade or occupation is the wage established in a collective bargaining agreement (CBA) for that locality. If there is more than one CBA in a locality, then the highest wage rate among the CBAs prevails.

Public works projects are generally covered by the state's prevailing wage if the total project cost exceeds \$50,000 and the project is for construction, reconstruction, major renovation, or painting projects. Private projects for construction, reconstruction, major renovation, or painting that use at least \$750,000 in public funds are subject to prevailing wage rate requirements. Projects also subject to prevailing wage requirements are private projects in which one or more public agencies will occupy or use at least 25 percent of the project's square footage, projects on real property owned by a public university, and solar projects on property owned by a public body.

House Bill 2688 expands the definition of public works for the purpose of PWR to include custom, off-site fabrication, assembly or production of goods, materials, modules, components, structures, supports or fixtures or parts of fixtures that are not standard that are specifically for use in a public works or that become part of the public works. Custom, off-site fabrication may include mechanical systems such as heating, ventilation, air conditioning, refrigeration and ducting or piping systems; electrical systems or components of electrical systems; and ornamental and structural iron work.