



Reject Unfeasible Expansion of Prevailing Wage and Disadvantages to Oregon Manufacturers:

Oppose HB 2688B

HB 2688B proposes a significant expansion of Oregon's prevailing wage law, extending it from construction work performed on the job site to materials utilized for public works projects that are fabricated, assembled, preconstructed or constructed offsite. This unprecedented change would impose construction wage standards on the construction materials manufacturing processes, creating logistical, financial, and legal challenges that would harm Oregon's economy and public works projects. We urge opposition to this bill in its current form.

Key Concerns with HB 2688B

- **Misapplication of Construction Wages to Manufacturing**

Manufacturing is distinct from construction, and applying construction prevailing wage standards to manufacturing is impractical. Manufacturers, unfamiliar with these complex regulations, would face significant compliance burdens, potentially deterring them from supplying materials for Oregon's public works projects.

- **Reduced Availability of Materials**

The increased costs and administrative complexity of complying with prevailing wage laws would likely discourage both in-state and out-of-state manufacturers, including international suppliers, from participating in Oregon's public works projects. This could lead to shortages of critical materials or eliminate access to necessary goods entirely.

- **Increased Costs for Public Works**

Manufacturers who continue to supply Oregon projects would be required to raise prices to cover compliance costs, increasing the overall cost of public works projects and straining public budgets.

- **Out of State Enforcement Challenges**

Extending Oregon's prevailing wage law to out-of-state and international manufacturers raises significant jurisdictional questions. It is unclear whether the Bureau of Labor and Industries (BOLI) has the authority to enforce Oregon wage laws outside the state. If it does, enforcement would require substantial resources, further burdening BOLI at a time when it is already seeking additional funding to maintain current operations.

Fiscal and Administrative Impacts

The Fiscal Impact Statement (FIS) for the -A8 amendment to HB 2688B highlights significant administrative challenges:

- **Inadequate Staffing**

The FIS allocates only 1 Full-Time Equivalent (FTE) position for the 2025-27

biennium and 2 FTEs for the following biennium, despite a projected 59% increase in covered projects.

- **Increased Workload**

The Legislative Fiscal Office (LFO) predicts:

- An estimated 53% increase in calls to the prevailing wage hotline (from 2,141 to 3,295 calls per year).
- An estimated 53% increase in determination requests (from 101 to 155 per year)
- An estimated 53% increase in complaint investigations (from 129 to 198 per year), with an average resolution time of 206 days, which is expected to remain unchanged.

- **Unaddressed Needs for Other Agencies:**

The Oregon Department of Transportation (ODOT), a major public contracting agency reliant on off-site manufactured products, has indicated a need for additional staff to comply with the bill. However, neither the -A8 nor the -A10 amendments allocate resources to meet this need, risking project delays and compliance issues.

The expansion of prevailing wage requirements to manufacturing under HB 2688B is impractical, costly, and administratively unfeasible. It risks reducing the supply of materials, increasing project costs, and overextending BOLI's enforcement capacity, while potentially inviting legal challenges. We strongly urge policymakers to oppose HB 2688B to protect Oregon's public works projects and economic vitality.

