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Prevailing Wage Expansion Advances With Key Questions Unanswered

Trade unions strongly support extending higher-wage requirements to off-site fabrication, but lawmakers—and legislative lawyers—don't know whether or how the state would enforce the proposed law.



Apartment construction on Northeast 21st Avenue. (Brian Burk)

By [Nigel Jaquiss](#) | June 24, 2025 at 11:58 am PDT

This story was produced by the [Oregon Journalism Project](#), a nonprofit newsroom covering the state.

A bill that would expand the scope of Oregon's prevailing wage law is moving toward a floor vote with key questions unanswered.

That matters because the expansion could impact just about every public works project in Oregon, from roads and sewers to schools—both renovations and new construction.

[House Bill 2688](#) "applies the prevailing rate of wage to certain off-site bespoke work fabricated, preconstructed, assembled or constructed in accordance with specifications for a particular public works," according to the official bill summary.

Oregon's prevailing wage law dates to 1959 and is meant to ensure that contractors pay a fair wage on projects that are either contracted by public agencies or use more than \$750,000 in public

money. Historically, prevailing wage laws apply to labor performed at the job site—a road, sewer line or school building, for example.

HB 2688 extends the scope of the law to cover fabrication of components of the construction projects custom-made off-site—regardless of where in the U.S. or overseas the work gets done.

The bill is a top priority for the state's trade unions, whose members fear losing work on public projects if components of the project are outsourced. Numerous union representatives urged passage of the bill in public testimony earlier this session.

"Studies show that every hour worked in a prefabrication shop is equivalent to over three hours of on-site work," Marshall McGrady, political director of the International Brotherhood of Electrical Workers Local 48, testified. "Although work done in a prefabrication shop is highly efficient, this work is the exact same work that takes place on the jobsite and would take place on the jobsite if the contractor chose to not utilize prefabrication. This work should not be excluded from prevailing wage."

The League of Oregon Cities, the Association of Oregon Counties, and other public sector groups are part of a coalition opposing the bill.

They argue that by expanding prevailing wage to off-site fabrication of HVAC systems, pumps for sewage plants, mechanical systems, plumbing systems and other components of construction projects, the bill increases cost and uncertainty at a time when public agencies are facing vast costs for infrastructure and maintenance.

"We are concerned that applying prevailing wage rates across such a wide range of essential purchases will increase costs and complexity so significantly that it may delay, postpone or cancel road maintenance and safety improvement projects," Mallorie Roberts of AOC testified.

The bill would require contractors to pay prevailing wages (i.e. union wages) for "bespoke" work. In normal parlance, "bespoke" means custom, but the term is not defined in the bill.

Scott Winkels, a lobbyist for the LOC, says the failure to define such a key term is a mistake.

"If the bill passes, that lack of clarity about what 'bespoke' means is likely to lead to bid protests and perhaps litigation," Winkels says. "Neither makes for building things faster or more cheaply."

A June 20 work session on the bill before the Joint Ways and Means Committee highlighted some of the other uncertainties.

State Rep. Mark Owens (R-Crane) asked senior deputy legislative counsel Sean Brennan to help the committee understand how the bill would work. In the case that an Oregon contractor purchased "bespoke" equipment fabricated in another state or country, Owens asked, whose pay scale would govern?

"That is a potential difficulty in the sense that we aren't sure which prevailing wage would apply," Brennan replied. The legislative lawyer, whose office drafted the bill, repeated some variation of that answer in response to a series of Owens' questions.

Brennan added that Oregon Commissioner of Labor and Industries Christina Stephenson is responsible for determining a prevailing wage for localities within Oregon. But there's no directive in the bill for what happens for fabrication outside Oregon.

"There's a lot of ambiguity in this new standard," Owens said after Brennan's repeated admissions that the bill was silent on key points. "We don't have clear definitions even from legislative counsel. If we don't know what the rules and policies are, how do we know what costs are going to be?"

While local governments are worried about the billions of dollars' worth of future projects that could become more expensive if the bill passes, Associated General Contractors, Oregon-Columbia Chapter worries that the lack of clarity in the bill could put its members at a competitive disadvantage.

That's because Oregon public contracting law requires public agencies to award contracts to the lowest bidder. Out-of-state contractors might not be bound by HB 2688 but their Oregon counterparts would be.

"If BOLI is unable to enforce the requirement [of HB 2688] on out-of-state and international manufacturers, it will disadvantage Oregon manufacturers, who will be forced to pay prevailing wage when their competition is not," says AGC counsel Kirsten Adams.

HB 2688 passed out of Ways and Means on June 20 on a party-line vote (with Democrats in support) and is set for a vote on the House floor on June 25.



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