

HB 2688 A STAFF MEASURE SUMMARY

House Committee On Labor and Workplace Standards

Action Date: 04/07/25

Action: Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

Vote: 4-3-0-0

Yeas: 4 - Fragala, Grayber, Munoz, Nelson

Nays: 3 - Boshart Davis, Elmer, Scharf

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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

WHAT THE MEASURE DOES:

The measure expands the definition of public works for the purpose of applying the prevailing wage rate (PWR) to include bespoke, off-site fabrication, preconstruction, assembly or construction work performed specifically for, and in accordance with specifications for public works projects as defined in ORS 279C.800.

Detailed Summary:

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 ORS 279C.800, for the following systems:

- mechanical systems such as heating, ventilation, air conditioning, refrigeration and other ducting or piping systems or components;
- plumbing systems or components;
- electrical systems or components of electrical systems that conform with the requirements of ORS 479.510 to 479.945 and the rules of the Electrical and Elevator Board;
- boiler systems or components of boiler systems;
- ornamental and structural iron work;
- masonry and plaster systems or components;
- roofing, flashing and architectural panel systems or components other than glazing systems and components; and
- mechanical insulation work.

Permits 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 ORS 279A.070 to adopt rules prior to the operative date of the Act.

Requires the Bureau of Labor and Industries (BOLI) to adopt rules, prior to the operative date of the Act, that 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.

Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Purpose of Oregon's Prevailing Wage Rate (PWR) Law
- Expansion of PWR to include manufacturing
- Benefits of PWR

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- 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 and Commerce Clause
- Ability for BOLI to enforce out-of-state or international manufacturers

EFFECT OF AMENDMENT:

The amendment expands the definition of public works for the purpose of applying the prevailing wage rate (PWR) to include bespoke, off-site fabrication, preconstruction, assembly or construction work performed specifically for, and in accordance with specifications for public works projects as defined in ORS 279C.800.

Detailed Summary:

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 ORS 279C.800 (6)(a)(A-F) for the following systems:

- mechanical systems such as heating, ventilation, air conditioning, refrigeration and other ducting or piping systems or components;
- plumbing systems or components;
- electrical systems or components of electrical systems that conform with the requirements of ORS 479.510 to 479.945 and the rules of the Electrical and Elevator Board;
- boiler systems or components of boiler systems;
- ornamental and structural iron work;
- masonry and plaster systems or components;
- roofing, flashing and architectural panel systems or components other than glazing systems and components; and
- mechanical insulation work.

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 Bureau of Labor and Industries (BOLI) to adopt rules, prior to the operative date of the Act, that 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.

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

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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 A expands the definition of public works for the purpose of PWR to include bespoke, off-site fabrication, preconstruction, assembly or construction work performed specifically for, and in accordance with specifications for public works projects as defined in ORS 279C.800.