



February 24, 2025

TO: Members of the House Committee on Labor and Workplace Standards

FR: Paloma Sparks, Oregon Business & Industry

RE: Opposition to HB 2688 – Prevailing Wage for Offsite Fabrication

Chair Grayber, members of the House Committee on Labor and Workplace Standards. For the record, I am Paloma Sparks, Executive Vice President & General Counsel for Oregon Business & Industry (OBI).

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, over 75% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to tell you about our concerns regarding HB 2688. This bill would make significant changes to Oregon's prevailing wage law and could make essential elements of certain projects out of reach. Off-site fabrication is manufacturing not construction. Often, projects call for highly technical elements that must be made by engineers and may involve carefully calibrated technology.

Some manufacturers may be unionized facilities already which could set up businesses and labor for competition amongst themselves. Prevailing wage rate laws have always been specific to construction trades, not the manufacturing of all elements that may be part of a finished project.

There are two primary ways that projects fall under the prevailing wage rate laws. The first is when a public agency is an actual party to a contract. The second is when \$750,000 or more of public funds are used on a private project. It is important that those two paths be clearly addressed in any addition to the law. This bill does not include those crucial definitions.

Currently, prevailing wage rates are the rates agreed upon in a collective bargaining agreement for a trade in the specific region. Manufacturers may or may not be part of a

prevailing wage and have a wide variety of pay rates. Many of those pay rates may well be in excess of rates set for construction trades.

This bill would require that BOLI return to the days of doing wage surveys. A wage survey of this breadth and complexity would require significant resources from BOLI and the Employment Department. Construction firms were already hesitant to participate in those surveys for fear of exposing trade secrets to agencies. Manufacturers have highly specialized techniques, tools and systems that must be protected.

HB 2688 very broadly defines what would be considered to be “off-site”:

- (G) Custom, off-site fabrication, assembly or production of goods, materials, modules, components, structures, supports or fixtures or parts of fixtures that are not standard but that are specifically for use in a public works or that become part of the public works, examples of which include, but are not limited to:
 - (i) Mechanical systems such as heating, ventilation, air conditioning, refrigeration and ducting or piping systems;
 - (ii) Electrical systems or components of electrical systems;
 - (iii) Boiler systems or components of boiler systems; (iv) Ornamental and structural iron work;
 - (v) Masonry and plaster systems or components;
 - (vi) Mechanical insulation work; and
 - (vii) 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.

Because of this very broad definition, all sorts of additions to a project could be included. It provides a list of examples but with the modification that these are not exhaustive. Oregon law requires 1% for art in public construction. From the definition provided in HB 2688, the creation of art that would be used could be subject to prevailing wage laws which are administratively burdensome as well as costly.

We urge the committee not to move HB 2688 forward.