



UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

Office of Commissioner
Alvaro M. Bedoya

February 26, 2025

Oregon Senate Committee on Judiciary
900 Court St. NE
Salem Oregon 97301

Re: Support for SB 426¹

Dear Chair Prozanski, Vice Chair Thatcher, and Members of the Committee:

Thank you for the opportunity to provide my support for SB 426. At the FTC, I have focused my efforts on the pressing problems facing Americans in the modern economy, specifically focusing on how the FTC's enforcement authority can help workers where it matters most: their groceries, their healthcare, and their paychecks.

My focus on labor issues have led to meetings with workers from diverse backgrounds and industries across this country, including farmers in Iowa, shrimpers in Mississippi and Alabama, and construction workers in Miami and Maryland. These conversations convinced me that workers are suffering at the hands of powerful actors who suppress their earnings, and often steal them outright. It is with these experiences in mind that I write today to lend my support for SB 426.

Wage theft and worker misclassification is a serious problem affecting countless construction workers who do not have the means or the power to assert their rights against employers. In a recent article, I highlighted the stories of two such individuals, Joshua Lawson, a construction worker in North Carolina and Sandi Donato, a law-abiding contractor in Florida, who have both been harmed by these pervasive practices in the industry.² While government enforcement of labor and competition laws could certainly help address these problems, it is private enforcement of worker rights that is the quickest way to ensure justice and recompense for harmed workers.

The problems of wage theft are compounded by structural issues in the construction industry where projects often have contractual layers of independent contractors and subcontractors. Each layer provides the potential to deny liability and leave workers without full payment and benefits. Some of this conduct involves illegally classifying employees as independent contractors, which costs the typical construction worker as much as \$16,000 annually.³

¹ Please note that this letter communicates my support as an individual commissioner of the U.S. Federal Trade Commission. It does not communicate the support of any of my colleagues, the Commission itself, or the United States federal government.

² See, Alvaro M. Bedoya and Max M. Miller, "'Overawed': Worker Misclassification as a Potential Unfair Method of Competition," *Yale L. & Pol'y Rev.*, Vol 43, 333 (2024), https://yalelawandpolicy.org/sites/default/files/YLPR/bedoya_miller_overawed_ylpr_2024.pdf.

³ John Schmitt, Heidi Shierholz, Margaret Poydock & Samantha Sanders, *The Economic Costs of Worker Misclassification*, *Econ. Pol'y Inst.* 4 (Jan. 25, 2023), <https://files.epi.org/uploads/The-economic-costs-of-worker-misclassification-1.pdf>.

This “fissured” structure of the industry has created perverse incentives that result in unscrupulous operators winning contracts by underpaying and even refusing to pay workers for work already done. This conduct hurts competition for construction contracts by disadvantaging good actors in the market who fully pay and correctly classify the workers. But when operators disappear or declare bankruptcy, they can leave stiffed workers in their wake. Workers who complete work for a construction project deserve to be paid, and SB 426 helps ensure that those who benefit from that work, regardless of contractual layers between them and the workers, are liable for unpaid wages.

By establishing joint and several liability for owners and contractors at any level in a construction project, SB 426 establishes much need recourse for workers who have not been paid for completed work. But it also helps to ensure a level playing field for contractors who properly classify and pay their workers. Extending liability to higher levels in the contractual chain puts much needed pressure on owners and direct contractors to contract with subcontractors who follow the law and properly classify and pay their employees. It also gives these operators the authority to request records proving they follow the law and actually pay their workers. Both aspect of the bill will help protect workers earnings and ensure a level playing field for competition in the construction industry.

In passing SB 426, Oregon will join New York, California, Illinois, New Jersey, Maryland, Virginia, Minnesota, Hawaii, Nevada, and the District of Columbia, which have already strengthened wage claim rights for construction workers.⁴ This growing trend of extending liability in construction contracts for unpaid wages will go a long way in getting workers the money they earned and restoring fair competition to construction projects. I strongly encourage you to pass this critical bill.

Sincerely,

A handwritten signature in black ink, appearing to read 'AM Bedoya', with a long horizontal line extending to the right.

Alvaro M. Bedoya
Commissioner

⁴ See, N.Y. Lab. Law § 198-e, Cal. Lab. Code § 1743, 820 Ill. Comp. Stat. 115/13.5, N.J. Rev. Stat. § 42:1A-18, Md. Code Ann., Lab. & Empl. § 3-507.2, Va. Code Ann. § 11-4.6, Minn. Stat. § 181.165, Haw. Rev. Stat. § 388-11.5, Nev. Rev. Stat. § 608.152.