



Oregon Law Center

WORKING TOGETHER TO ACHIEVE JUSTICE FOR LOW INCOME OREGONIANS

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To: Senate Committee on Judiciary
From: Martha Sonato, Oregon Law Center
Re: Testimony in Support of SB 426
Date: 02/26/2025

Chair Prozanski, Vice-Chair Thatcher, and members of the committee.

On behalf of the Oregon Law Center, thank you for the opportunity to submit testimony in support of SB 426. This bill is a key step in tackling wage theft in the construction industry by holding owners and direct contractors responsible for unpaid wages owed by subcontractors at any level.

At the Oregon Law Center (OLC), we provide free legal help to low-income people on issues like unpaid wages. When workers come to us for help recovering their wages, we see how much it affects their lives. Missing just one paycheck can mean not being able to pay rent, buy food, cover a child's medical bill, or afford gas to get to work.

Wage theft is especially prevalent in the construction industry. Between 2015 and 2016, it had the second-highest number of wage claims compared to other industries.¹ Nationally, in 2024, the U.S. Department of Labor recovered more than \$32 million in wages for workers in construction.² Wage theft affects low-wage workers, immigrants, Latine workers, and people of color the most—those who are already vulnerable in the workforce.

The Challenges Workers Face

The construction industry's complex subcontracting system—where workers are hired by subcontractors several layers down—makes it hard to know who is responsible for paying them. When they try to get their wages, some of the major obstacles we have seen our clients face include:

- Not knowing their legal rights, especially if English isn't their first language.
- Fear of retaliation, which workers from speaking up.
- Existing legal options are slow, limited, or too complicated.

Why SB 426 Matters

SB 426 brings additional self-regulating mechanism to reduce wage theft and worker exploitation. Right now, current protections are not enough to protect construction workers from wage theft. The available options have shortcomings:

¹ <https://www.ocpp.org/2018/02/12/hb-4154-wage-theft-construction/>

²

<https://www.dol.gov/agencies/whd/data#:~:text=the%20U.S.%20Treasury,-Impact%20of%20Back%20Wages,workers%20in%20high%2Dviolation%20industries.>

The Oregon Law Center's mission is to achieve justice for low-income communities in Oregon by providing a full range of the highest quality civil legal services.



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- Construction Contractor Board and BOLI labor contractor bonds are important but are usually only available when the subcontractors are licensed. When there is a bond, it is a limited amount of money that may only cover some unpaid wages, especially if there are numerous workers who were not paid.
- Workers can get up to \$10,000 of unpaid wages for work performed from the Wage Security Fund in two ways- by making a claim that is subject to 60-day rule or by obtaining a final judgment from BOLI or the court.
- Construction liens have a very short deadline and require filing claim (which requires investigation and fees) and only apply to the property where the work was done, which can be difficult for workers to identify when they work at multiple properties which may or may have addresses.
- Joint employer liability under minimum wage and overtime laws involves a complicated multi-factor test that only provides minimum wage protections and not the contract wage, which is usually much higher than the minimum wage.

Building a Stronger Workforce and Economy

Wage theft doesn't just hurt workers—it weakens Oregon's economy. When workers don't get paid, they lose financial stability and future benefits like Social Security, unemployment insurance, and Paid Leave Oregon.

By holding owners and direct contractors accountable, SB 426 helps create a fairer construction industry—one where workers are paid what they are owed, and responsible contractors aren't undercut by bad actors.

We urge this committee to support SB 426. Thank you for your time and attention to this urgent matter.

Sincerely,
Martha Sonato
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