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February 26, 2025

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

RE: Testimony In Support of SB 426: Ending Wage Theft

Chair Prozanski, Vice-Chair Thatcher, and members of the Senate Committee on Judiciary,

I am pleased to submit testimony in support of SB 426 - a bill to address wage theft in the construction industry.

When wages are stolen or unpaid, the impact is multigenerational, significant, and harmful. The Oregon Law Center submitted written testimony in 2023 in support of HB 2057 that states, "Wage theft robs an individual's ability to take care of themselves and their families, and it disproportionately impacts low wage workers, women, people of color, and immigrant workers."¹ SB 426 addresses the income inequality and unfair labor practices that predominantly undocumented, Latinx, or immigrant and refugee workers face. This bill ensures workers are paid fairly and provides a strong legal avenue to recover unpaid wages, reducing the need for expensive legal representation.

Suppose a subcontractor doesn't pay their workers and evades responsibility. In that case, it is challenging for workers to recoup their wages because they may not know their employer. If any subcontractor, minority-owned or otherwise, is allowing wage theft to occur, they should be held accountable, and their business practices should be questioned.

In addition, many construction workers work for a short period on one project and then move to another. These workers are essential skilled workers. Without them, industries such as construction would be unable to function efficiently. Unfortunately, the complexity of the employment tiers or layers of contractors between workers and project owners has made it difficult to track whether wage theft occurred. Workers may not report wage theft because of possible fear of retaliation or worse if other factors, such as immigration status, are considered.

¹ <https://olis.oregonlegislature.gov/liz/2023R1/Downloads/PublicTestimonyDocument/61976>

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The bill proposes a joint and several liability framework that holds owners and direct contractors accountable for unpaid wages and fringe benefits owed to workers by a subcontractor at any tier.

Key features include:

1. **Liability:** Owners and direct contractors are jointly and severally liable for unpaid wages, penalties, and benefits owed to unrepresented employees.
2. **Transparency:** Subcontractors must provide certified payroll reports and worker information to direct contractors and owners, enabling better oversight.
3. **Enforcement:** Workers, third-party representatives, and state agencies can file civil actions to recover unpaid wages.
4. **Accountability:** Owners and direct contractors can withhold payment from subcontractors that fail to comply with wage requirements or provide requested records.

SB 426 explicitly preserves workers' rights covered by collective bargaining agreements, ensuring it does not undermine union protections. SB 426 also allows workers to have up to six years to recover unpaid wages, recognizing that wage theft often goes unnoticed until long after the violation occurs.

Thank you,

A handwritten signature in black ink, consisting of a stylized, cursive script that appears to read "Andrea Valderrama".

Andrea Valderrama
State Representative
HD 47 (Outer East Portland)

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