



May 7, 2025

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

FR: Derek Sangston, Oregon Retail Council

RE: Opposition to SB 426A

Oregon Business & Industry (OBI) is a statewide association representing businesses from a wide variety of industries. Through the Oregon Retail Council, it is also the state affiliate for the National Retail Federation. The Oregon Retail Council represents the unique interests of retailers throughout the state on both legislative and regulatory issues. Retail trade is Oregon's largest private sector employer and drives the state's economy.

Thank you for the opportunity to testify in opposition to SB 426A. The Oregon Retail Council opposes SB 426A because it does not offer a real solution to the problem it seeks to address in the construction industry. Instead, it shifts liability from actual bad actors—such as dishonest subcontractors and labor brokers—to innocent third parties, including retailers and property owners who have paid in full for construction work and had no involvement in wage violations.

This misguided liability shift would significantly harm Oregon retailers in several ways:

- **Retailers who own their buildings** could be held financially liable for unpaid wages of subcontractors' workers, even if they had no knowledge of the violations and fully paid their general contractors. This creates an unacceptable level of legal exposure for businesses simply trying to improve or maintain their properties.
- **Retailers who lease space** are not spared. Under SB 426A, tenants may also face liability for wage theft associated with construction work ordered by landlords or property managers—further compounding uncertainty and risk in commercial leasing agreements.
- **Small businesses and independent retailers** may now be discouraged from making needed renovations or upgrades to their storefronts, especially in high-risk scenarios where the general contractor uses multiple layers of subcontracting. The legal uncertainty and increased insurance premiums could chill investment, particularly in rural or economically disadvantaged areas.
- **Consumers will ultimately pay the price** as businesses delay or cancel projects, limit expansion, or raise prices to account for new risks. It is yet another cost burden passed along due to legislation that penalizes the wrong parties.

We urge you to reject SB 426A and instead support *real solutions* to wage theft—solutions that hold the right people accountable without harming small businesses and the broader economy. Specifically, we support:

1. **HB 5015**, which would fully fund BOLI to strengthen enforcement against wage theft and improve the process for workers to recover unpaid wages without relying on private litigation. Due to years of divestment, BOLI employs one investigator for every 204,000 workers compared to one investigator for every 98,500 workers in Washington. The legislature should fund BOLI prior to creating new and untested litigation schemes.
2. **SB 1200 and HB 3957**, which would regulate unscrupulous labor brokers—one of the true root causes of wage theft in construction—ensuring that accountability starts where the violations occur.

Retailers support fair labor practices and believe every worker deserves to be paid for their labor. But SB 426A punishes the wrong people, imposes unfair liability on innocent parties, and threatens to undermine Oregon's small businesses, retailers, and consumers alike.

For these reasons, the Oregon Retail Council respectfully urges this committee to vote **NO** on SB 426A. Thank you for your consideration.

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