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May 7, 2025

To: The House Committee on Labor and Workplace Standards  
From: Anthony K. Smith, National Federation of Independent Business  
Re: NFIB Written Testimony in Opposition to SB 426 A

**Chair Grayber, Vice-chairs Elmer and Muñoz, and members of the Committee:**

On behalf of Oregon's small business members of the National Federation of Independent Business, I would like to express our strong opposition to SB 426 A, which would make property owners and general construction contractors liable for the unpaid wages of their subcontractors and would establish a presumption that, in any action for unpaid wages, a person performing labor on a construction project is an employee rather than an independent contractor.

NFIB is the Voice of Small Business. We are a nonprofit, nonpartisan, member-driven organization that advocates on behalf of America's small and independent business owners – both in Washington, D.C. and in all 50 state capitals.

NFIB represents thousands of small businesses across the state in every industry sector, many being the smallest of small businesses, with about 90% of our members in Oregon having fewer than 25 employees and 70% having fewer than 10 employees. Together, our members provide jobs for tens of thousands of Oregonians.

As serious as the issue of unpaid wages is – and as much as we all want to go after the bad actors who take advantage of the system, the law must be even-handed. The state has an interest in both protecting workers and those businesses that follow the law, which is why NFIB opposes SB 426 A.

**This legislation would set a dangerous precedent by holding law-abiding businesses responsible for the illegal actions of other businesses, even in circumstances where there was no knowledge of illegal activity.** And it should be noted that the Oregon Legislature has acted multiple times in recent years to ensure wage claimants are able to recover lost wages:

In 2016, the legislature passed SB 1587, which allowed dollars in the Wage Security Fund to be used by the Bureau of Labor and Industries (BOLI) to investigate and enforce claims of underpaid and unpaid wages. As a reminder, the Wage Security Fund is fully paid for by employer Unemployment Insurance payroll taxes for the purpose of paying valid wage claims when the employer is unable to do so.

In 2019, the legislature passed HB 3193, which increased the maximum wages that may be paid out to an individual worker from the Wage Security Fund from \$4,000 to \$10,000 as well as allowing the Construction Contractors Board to suspend licenses of contractors failing to pay valid claims.

Then in 2021, the legislature passed HB 2818, which allowed BOLI to pay wage claims out of the Wage Security Fund, after a final order, if the employer has not paid the owed wages – even if the employer is still in businesses (prior to this change, the business must have ceased operations).

These bills enjoyed broad support from a variety of stakeholders, but SB 426 A is not an approach NFIB can support because it fundamentally holds the wrong parties responsible for breaking the law.

NFIB respectfully asks you to oppose SB 426 A.

Thank you for your time and consideration,



Anthony K. Smith  
NFIB Oregon State Director