



Chair Grayber, Vice Chairs Elmer and Muñoz, and Members of the House Committee on Labor and Workplace Standards:

Oregon REALTORS is a trade association of roughly 18,000 real estate brokers, real estate principal brokers, property managers and affiliated industry professionals. In turn our members represent hundreds of thousands of Oregonians who purchase and own residential, commercial and industrial properties.

It is with these Oregon property owners and future property owners in mind that we urge you to oppose SB 426A.

Oregon REALTORS® stands firmly against wage theft in all forms. Failing to pay the wages of a worker is not only unlawful it is immoral and unethical. Wage theft should be addressed forcefully and without exception.

However, we have serious concerns that the bill as drafted could have significant unintended consequences.

By requiring a property owner and general contractors to bear a risk that is beyond their control when they have already met their own financial responsibilities, we are concerned that the risk and cost associated with construction projects could substantially increase, which could result in reduced volume of projects, higher costs or both. This is particularly concerning for housing projects including the development of multifamily housing.

But there is one aspect of the bill that is most concerning to Oregon REALTORS® and the clients our members serve. And that is that the bill applies to homeowners.

The Senate [Staff Measure Summary](#) for the A-Engrossed bill says that an “owner” does not include a principal residence owner. This was also stated on the Senate Floor and in the Senate Committee. However, that is not what the bill says. [Section 2 of the bill](#) exempts a principal residence owner from the definition of “direct contractor” but not “owner.” This is a serious concern that must be addressed as the bill passed the Senate based on the belief that principal residence owners were exempted.

However, even if the bill did exempt principal residence owners from the definition of owner, **we still have significant concerns that the bill includes second and vacation homeowners. All homeowners should be exempted from the bill.**

A homeowner who hires a general contractor to perform work on their home—whether it’s a first or a second home—is not a sophisticated industry player. They know nothing about issues like labor brokers or the details surrounding construction industry wage theft. They are simply hiring a licensed and bonded contractor to do repairs or improvements to their home and paying their contractor as agreed. It is neither fair nor appropriate that they be held jointly and severally liable for something that they have nothing to do with and no control over. Proponents of the bill say that property owners should be held responsible because they choose the contractor, but the homeowner knows no details about the *subcontractors*, and the only



tools they have available to vet general contractors is information available from the CCB like whether they are licensed and bonded and whether they have complaints on record, as well as things like online reviews and referrals. Most homeowners take these steps to vet their general contractor yet are still subject to liability under the bill.

Another reason that all homeowners should be exempted from the bill is that distinguishing between primary residence owners and second home owners creates confusion and complications. For example, what about a condominium building where 50% of owners own as a principal residence and 50% own as a second home. If a claim were brought against the HOA, would only 50% of owners be liable, and how would that work with respect to HOA assessments?

Another concern about including any homeowners as liable parties under the bill is regarding the transfer of property. Typically claims for unpaid construction work are brought as liens against the property, but this bill introduces joint and several liability on the *owner*. What happens when the seller has construction work done as part of repair negotiations with the buyer (as often happens in a home sale), sells the property to the buyer and then after the sale a claim arises for unpaid subcontractor wages. Who is responsible?

Addressing wage theft is an important goal, but the bill as drafted raises many unanswered questions that could create significant challenges for unsuspecting homeowners across Oregon. We urge you to oppose the bill, and if the bill does move forward, we encourage you to exempt all homeowners from the definition of “owner.”

Thank you for the opportunity to submit testimony.