

## SB 1566 -4 STAFF MEASURE SUMMARY

### Senate Committee On Labor and Business

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**Meeting Dates:** 2/9

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#### WHAT THE MEASURE DOES:

The measure modifies the exemption from the requirement to pay a prevailing rate of wage for certain public works projects beginning on January 1, 2027. It takes effect on the 91st day following adjournment sine die.

#### Detailed Summary:

Changes when certain public works projects must pay the prevailing wage rate by changing the definition of "funds of a public agency" as follows:

- eliminates the exception to the exclusion for certain loans and bonds when used for a public improvement, and
- adds to the exclusion value added to land as a consequence of a public agency's provision of infrastructure that includes, but is not limited to, road construction or utilities.

Specifies that a public works projects with a contract price that does not exceed \$50,000 in Clackamas, Lane, Marion, Multnomah, Polk, Washington, or Yamhill counties is exempt from the requirement to pay the prevailing rate of wage. Specifies that public works projects in other areas within Oregon for which the contract price does not exceed \$250,000 are exempt from the requirement to pay the prevailing rate of wage.

Modifies the exemption from the requirement to pay prevailing rate of wage for certain affordable housing projects by specifying the following criteria the project must meet to be exempt:

- state acquires, constructs, remodels, repairs, equips, or furnishes, and owns or operates with funding provided under the Local Innovation and Fast Track Housing Program,
- serves occupants whose incomes do not exceed 120 percent of the area median income if the housing is a public works or uses funds of a public agency in an amount that exceeds \$750,000,
- requires, for the purpose of serving occupants whose incomes do not exceed 120 percent of the area median income, demolition or removal of hazardous waste that used \$750,000 or more in funds of a public agency and that occurs on real property that a state agency owns, but does not involve the constructing, reconstructing, renovating, or painting a road, highway, building, structure, or improvement,
- serves occupants whose incomes do not exceed 60 percent of the area median income if the project involves construction, reconstruction, painting, demolition, removal of hazardous waste from or major renovation of an improvement that occurs, regardless of whether funds of a public agency are used, on real property that specified public universities own, or
- otherwise serves occupants whose incomes do not exceed 60 percent of the area median income, or, if the owners are occupants, whose incomes do not exceed 80 percent of the median income.

Modifies the type of affordable housing projects subject to the prevailing rate of wage exemption by specifying that it applies to projects that construct, reconstruct, perform a major renovation of, or paints single-family houses or apartments in Clackamas, Lane, Marion, Multnomah, Polk, Washington, or Yamhill counties that are not more than seven stories in height, and, in other areas of Oregon, not more than four stories in height. Adds to the affordable housing project exemption from prevailing rate of wage projects that include an on-site childcare facility operated as a not-for-profit and commercial use of not more than 15 percent of the ground floor space.

Makes technical amendments.

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Applies to procurements that a contracting agency advertises or otherwise solicits, or if the contracting agency does not advertise or solicit, to a contract for public works of public improvement contract that a contracting agency enters on or after the operative date. Operative on January 1, 2027.

Fiscal impact: May have fiscal impact, but no statement yet issued

Revenue impact: May have revenue impact, but no statement yet issued

### ISSUES DISCUSSED:

#### EFFECT OF AMENDMENT:

-4 The amendment modifies the exemption from the requirement to pay a prevailing rate of wage for certain public works projects.

#### Detailed Summary:

- Modifies the definition of "funds of a public agency" to determine whether the exemption from the requirement to pay the prevailing rate of wage applies.
- Removes language specifying that the exemption from prevailing rate of wage differs based on location in the state and makes the exemption applicable when a contract price does not exceed \$50,000.
- Modifies the criteria for exemption from paying prevailing rate of wage for certain affordable housing projects by removing criteria allowing it to be a project owned in fee simple.
- Removes language specifying that the public housing exemption from payment of prevailing rate of wage differs based on location in this state regarding stories in height, making the exemption applicable to all locations that are not more than four stories in height.
- Removes language applying the public housing exemption from payment of prevailing rate of wage to projects that include commercial use of not more than 15 percent of the ground floor space

Fiscal impact: May have fiscal impact, but no statement yet issued

Revenue impact: May have revenue impact, but no statement yet issued

### BACKGROUND:

The prevailing wage rate (PWR) is the hourly wage, including all fringe benefits, that the Commissioner of the Bureau of Labor and Industries (BOLI) determines is paid in the locality to the majority of workers employed in a specified trade or occupation. Contractors and subcontractors must pay the PWR to workers on certain public works projects. Oregon is one of 26 states, along with the District of Columbia and the federal government, that adopt and administer PWR requirements for certain public projects. The Commissioner is required to determine the PWR at least once each year. The PWR for a trade or occupation is the wage established in a collective bargaining agreement (CBA) for that locality. If there is more than one CBA in a locality, then the highest wage rate among the CBAs prevails.

Public works projects are generally covered by the state's prevailing wage if the total project cost exceeds \$50,000 and the project is for construction, reconstruction, major renovation, or painting projects. Private projects for construction, reconstruction, major renovation, or painting that use at least \$750,000 in public funds are subject to prevailing wage rate requirements. Projects also subject to prevailing wage requirements are private projects in which one or more public agencies will occupy or use at least 25 percent of the project's square footage, projects on real property owned by a public university, and solar projects on property owned by a public body. Projects for residential construction that are privately owned and that predominantly provide affordable housing are exempt from PWR requirements; these projects include single-family houses and apartment buildings not exceeding four stories.