

75th OREGON LEGISLATIVE ASSEMBLY - 2009 Regular Session
STAFF MEASURE SUMMARY
House Committee on Business and Labor

MINORITY REPORT

MEASURE: HB 2699 A
CARRIER: Rep. Esquivel

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Signers of the Report:	Rep. Esquivel and Rep. Thatcher
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	3/25, 4/20, 4/22

WHAT THE MINORITY REPORT DOES: Expands the definition of “public works” to include a construction, reconstruction or major renovation project for a privately owned road, highway, building, structure, or improvement of any type that is located in an enterprise zone, consists of or sited on real property for which a qualified business has received a property tax exemption under the state’s enterprise zone program, and has a projected cost of at least \$5 million. Establishes that the enterprise zone’s sponsor or sponsors are to pay the fee to the Bureau of Labor and Industries (BOLI) as required under prevailing wage rate law and when the fee is to be paid. Clarifies how the fee is to be divided in circumstances in which there is more than one sponsor. Exempts public works projects that meet the measure’s provisions from prevailing wage rate law if the contractor or subcontractor has in place a first-source hiring agreement. Establishes an operative date for 90 days after the effective date of the measure. Declares an emergency, effective upon passage.

ISSUES DISCUSSED:

- Work performance on projects that pay prevailing wage rates
- Effect of prevailing wage rate law in regards to contractors’ hiring and layoffs
- Importance of hiring local workers for public works projects
- Measure’s impact on attracting businesses to locate in Oregon

EFFECT OF COMMITTEE AMENDMENT: Replaces the measure.

BACKGROUND: The purpose of Oregon’s enterprise zone system is to help attract private business investment into areas in the state that need additional assistance for attracting businesses to locate or expand existing operations. There are currently 59 enterprise zones in Oregon, sponsored by a city, county, or port, or by a tribal government. In exchange for locating or expanding in an enterprise zone, eligible business firms receive total exemption from property taxes normally assessed on new plant and equipment for at least three years in the standard program.

HB 2699-A requires prevailing wage rates to be paid on construction, reconstruction, or major renovation projects that are located within an enterprise zone, consists of or is sited on property in which the qualified business firm has received an exemption from property taxation, and has a projected cost of at least \$5 million. The measure also clarifies how the required fee for public works projects is to be paid. Under the measure, the enterprise zone sponsor or sponsors where the qualified project is located are responsible for paying the required fee to the Bureau of Labor and Industries (BOLI) when an application to have qualified property in the enterprise zone be exempted from property tax has been approved. The purpose of the fee is to fund surveys that are used to determine prevailing wage rates as well as for the education and enforcement of prevailing wage rate laws. The amount of the fee is one-tenth of one percent of the contract’s price, with a minimum fee of \$250 and a maximum fee of \$7,500. HB 2699-A establishes the fee for qualified projects, as outlined in the measure, at \$5,000.

A first-source hiring contract is an agreement between a firm receiving benefits and a publicly funded job training provider, in which the provider refers qualified candidates to the firm for new jobs and job openings. First-source hiring contracts are intended to link individuals who are receiving job training and assistance supported by public funds with private sector employment opportunities. The contract is one of the requirements in order for a business firm to receive an enterprise zone exemption.

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This summary has not been adopted or officially endorsed by action of the committee.