

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 51

STATUS: A Engrossed

SUBJECT: Authorizes the Commissioner of the Bureau of Labor and Industries to establish a fee of between 0.1 and 0.125 percent of the contract price for public works to pay the cost of enforcing the prevailing wage law.

GOVERNMENT UNIT AFFECTED: Bureau of Labor and Industries, state and local government agencies that construct facilities.

PREPARED BY: Robin LaMonte

REVIEWED BY: Steve Bender, Paul Siebert

DATE: April 22, 2009

2009-2011

2011-2013

EXPENDITURES:

See Analysis

REVENUES:

See Analysis

EFFECTIVE DATE: The bill contains an emergency clause and is effective on passage.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: SB 51 authorizes the Commissioner of the Bureau of Labor and Industries (BOLI) to establish a fee of between 0.1 percent, which is the current rate, and 0.125 percent of the price of a public works contract. The purpose of the fee increase is to fully support the cost of enforcing the prevailing wage law. The Commissioner is authorized to set this fee through an order. In 2007, the Legislature established a minimum fee of \$250 and the maximum fee of \$7,500 for each public works contract. The minimum and maximum fees were effective January 1, 2008 through January 1, 2011. This bill makes these minimum and maximum fees part of permanent law. Under current law, the minimum and maximum fees would decline to \$100 and \$5,000 respectively in 2011.

The fiscal impact of the bill is indeterminate, as the Commissioner has not yet identified the amount of the fee that might be imposed. The 2009-11 Prevailing Wage Rate (PWR) program has 12.24 FTE and a biennial cost of \$2,963,835 Other Funds. This cost exceeds the current projected revenue for the program, and operating costs are partially funded with moneys in the ending balance. The ending balance is expected to be depleted early in the 2011-13 biennium. The potential revenue from this bill could provide \$3,252,850 Other Funds, and enable the PWR program to continue at its current level.

Most state agencies and local governments estimate a minimal fiscal impact from the provisions of this bill. The impact on most agencies is estimated at \$20,000 to \$68,000 (for the Department of Transportation). The Oregon University System (OUS) estimates a 2009-11 impact of \$124,000 and a 2011-13 impact of \$224,000, based on an estimate that OUS will have capital projects in 2009-11 of \$980 million and capital projects in 2011-13 of \$1.77 billion. As noted above, the actual impact will depend on the fee schedule that is established by the Commissioner.