# HOUSE AMENDMENTS TO HOUSE BILL 2699

By COMMITTEE ON BUSINESS AND LABOR

#### April 30

On page 1 of the printed bill, line 3, after "279C.810," delete the rest of the line and insert 1 2 "279C.825, 279C.827, 279C.830, 279C.835, 279C.845 and 651.170 and section 8, chapter 844, Oregon 3 Laws 2007; and declaring an emergency.". Delete lines 5 through 29 and delete pages 2 through 6 and insert: 5 "SECTION 1. ORS 279C.800 is amended to read: "279C.800. As used in ORS 279C.800 to 279C.870[, unless the context requires otherwise]: "(1) 'Fringe benefits' means the amount of: "(a) The rate of contribution [irrevocably made by] a contractor or subcontractor makes 9 irrevocably to a trustee or to a third person under a plan, fund or program; and 10 "(b) The rate of costs to the contractor or subcontractor that may be reasonably anticipated in providing the following items, exclusive of items that federal, state or local law requires the 11 12 contractor or subcontractor to provide: 13 "(A) Benefits to workers pursuant to an enforceable written commitment to the workers to 14 carry out a financially responsible plan or program [that is committed in writing to the workers af-15 fected,] for: "(i) Medical or hospital care[,]; 16 17 "(ii) Pensions on retirement or death[,]; or 18 "(iii) Compensation for injuries or illness [resulting] that result from occupational activity[, 19 or]; 20 "(B) Insurance to provide [any of the foregoing,] the benefits described in subparagraph (A) 21 of this paragraph; 22 "(C) [for] Unemployment benefits[,]; "(D) Life insurance[,]; 23 24 "(E) Disability and sickness insurance or accident insurance[,]; 25 "(F) [for] Vacation and holiday pay[,]; "(G) [for defraying] Costs or a portion of the costs of apprenticeship or other similar 26 27 programs; or 28 "(H) [or for] Other bona fide fringe benefits[, but only when the contractor or subcontractor is 29 not required by other federal, state or local law to provide any of these benefits]. "(2) 'Housing' has the meaning given that term in ORS 456.055. 30 31 "(3) 'Locality' means the following district in which the public works, or the major portion 32 thereof, is to be performed: 33 "(a) District 1, composed of Clatsop, Columbia and Tillamook Counties;

"(b) District 2, composed of Clackamas, Multnomah and Washington Counties;

"(c) District 3, composed of Marion, Polk and Yamhill Counties;

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- 1 "(d) District 4, composed of Benton, Lincoln and Linn Counties;
- 2 "(e) District 5, composed of Lane County;

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- 3 "(f) District 6, composed of Douglas County;
- 4 "(g) District 7, composed of Coos and Curry Counties;
- 5 "(h) District 8, composed of Jackson and Josephine Counties;
- 6 "(i) District 9, composed of Hood River, Sherman and Wasco Counties;
- 7 "(j) District 10, composed of Crook, Deschutes and Jefferson Counties;
- 8 "(k) District 11, composed of Klamath and Lake Counties;
- 9 "(L) District 12, composed of Gilliam, Grant, Morrow, Umatilla and Wheeler Counties;
- 10 "(m) District 13, composed of Baker, Union and Wallowa Counties; and
- "(n) District 14, composed of Harney and Malheur Counties.
  - "(4) 'Prevailing rate of wage' means the rate of hourly wage, including all fringe benefits, paid in the locality to the majority of workers employed on projects of similar character in the same trade or occupation, as determined by the Commissioner of the Bureau of Labor and Industries.
  - "(5) 'Public agency' means the State of Oregon or [any] a political subdivision [thereof] of the State of Oregon or [any] a county, city, district, authority, public corporation or public entity [and] or any instrumentality [thereof] of a county, city, district, authority, public corporation or public entity organized and existing under law or charter.
    - "(6)(a) 'Public works' includes, but is not limited to:
  - "(A) Roads, highways, buildings, structures and improvements of all types, the construction, reconstruction, major renovation or painting of which is carried on or contracted for by [any] a public agency to serve the public interest;
  - "(B) A project for the construction, reconstruction, major renovation or painting of a privately owned road, highway, building, structure or improvement of any type that uses funds of a private entity and \$750,000 or more of funds of a public agency; [or]
  - "(C) A project for the construction of a privately owned road, highway, building, structure or improvement of any type that uses funds of a private entity and in which 25 percent or more of the square footage of the completed project will be occupied or used by a public agency[.]; or
  - "(D) A project for the construction, reconstruction or major renovation of a privately owned road, highway, building, structure or improvement of any type that:
    - "(i) Is located in an enterprise zone, as defined in ORS 285C.050;
  - "(ii) Consists of or is sited on real property for which a qualified business firm, as defined in ORS 285C.050, has received an exemption from ad valorem property taxation under ORS 285C.170 or 285C.175; and
    - "(iii) Has a projected cost of \$5 million or more.
    - "(b) 'Public works' does not include:
- "(A) The reconstruction or renovation of privately owned property that is leased by a public agency; or
- "(B) The renovation of publicly owned real property that is more than 75 years old by a private nonprofit entity if:
  - "(i) The real property is leased to the private nonprofit entity for more than 25 years;
- 42 "(ii) Funds of a public agency used in the renovation do not exceed 15 percent of the total cost 43 of the renovation; and
- 44 "(iii) Contracts for the renovation were advertised or, if not advertised, were entered into before 45 July 1, 2003, but the renovation has not been completed on or before July 13, 2007.

- "(7) 'Sponsor' has the meaning given that term in ORS 285C.050.
- 2 "SECTION 2. ORS 279C.810 is amended to read:
- 3 "279C.810. (1) As used in this section:

- "(a) 'Funds of a public agency' does not include:
- "(A) Funds provided in the form of a government grant to a nonprofit organization, unless the government grant is issued for the purpose of construction, reconstruction, major renovation or painting;
  - "(B) Building and development permit fees [paid or waived by] that the public agency pays or waives:
    - "(C) Tax credits or tax abatements, except for exemptions from ad valorem property taxation allowed under ORS 285C.170 or 285C.175;
      - "(D) Land that a public agency sells to a private entity at fair market value;
      - "(E) The difference between:
    - "(i) The value of land that a public agency sells to a private entity as determined at the time of the sale after taking into account any plan, requirement, covenant, condition, restriction or other limitation, exclusive of zoning or land use regulations, that the public agency imposes on the development or use of the land; and
    - "(ii) The fair market value of the land if the land is not subject to the limitations described in sub-subparagraph (i) of this subparagraph;
- 20 "(F) Staff resources [of] the public agency [used] uses to:
  - "(i) Manage a project or to provide a principal source of supervision, coordination or oversight of a project; or
  - "[(G)] (ii) [Staff resources of the public agency used to] Design or inspect one or more components of a project;
  - "[(H)] (G) Moneys derived from the sale of bonds that [are loaned by] a state agency loans to a private entity, unless the moneys will be used for a public improvement;
  - "[(I)] (H) Value added to land as a consequence of a public agency's site preparation, demolition of real property or remediation or removal of environmental contamination, except for value added in excess of the expenses the public agency incurred in the site preparation, demolition or remediation or removal when the land is sold for use in a project otherwise subject to ORS 279C.800 to 279C.870; or
  - "[(J)] (I) Bonds, or loans from the proceeds of bonds, issued in accordance with ORS chapter 289 or ORS 441.525 to 441.595, unless the bonds or loans will be used for a public improvement.
  - "(b) 'Nonprofit organization' means an organization or group of organizations described in section 501(c)(3) of the Internal Revenue Code that is exempt from income tax under section 501(a) of the Internal Revenue Code.
    - "(2) ORS 279C.800 to 279C.870 do not apply to:
  - "(a) Projects for which the contract price does not exceed \$50,000. In determining the price of a project, a public agency:
  - "(A) May not include the value of donated materials or work performed on the project by individuals volunteering to the public agency without pay; and
  - "(B) Shall include the value of work performed by every person paid by a contractor or subcontractor in any manner for the person's work on the project.
  - "(b) Projects for which no funds of a public agency are directly or indirectly used. In accordance with ORS chapter 183, the Commissioner of the Bureau of Labor and Industries shall adopt rules to

- carry out the provisions of this paragraph.
- 2 "(c) Projects:

- 3 "(A) That are privately owned;
- 4 "(B) That use funds of a private entity;
  - "(C) In which a public agency will occupy or use less than 25 percent of the square footage of [a] the completed project [will be occupied or used by a public agency]; and
    - "(D) For which less than \$750,000 of funds of a public agency are used.
- 8 "(d) Projects for residential construction that are privately owned and that predominantly pro-9 vide affordable housing. As used in this paragraph:
  - "(A) 'Affordable housing' means housing that serves occupants whose incomes are no greater than 60 percent of the area median income or, if the occupants are owners, whose incomes are no greater than 80 percent of the area median income.
    - "(B) 'Predominantly' means 60 percent or more.
    - "(C) 'Privately owned' includes:
  - "(i) Affordable housing provided on real property owned by a public agency if the real property and related structures are leased to a private entity for 50 or more years; and
  - "(ii) Affordable housing owned by a partnership, nonprofit corporation or limited liability company in which a housing authority, as defined in ORS 456.005, is a general partner, director or managing member and the housing authority is not a majority owner in the partnership, nonprofit corporation or limited liability company.
  - "(D) 'Residential construction' includes the construction, reconstruction, major renovation or painting of single-family houses or apartment buildings not more than four stories in height and all incidental items, such as site work, parking areas, utilities, streets and sidewalks, pursuant to the United States Department of Labor's 'All Agency Memorandum No. 130: Application of the Standard of Comparison 'Projects of a Character Similar' Under Davis-Bacon and Related Acts,' dated March 17, 1978. However, the commissioner may consider different definitions of residential construction in determining whether a project is a residential construction project for purposes of this paragraph, including definitions that:
    - "(i) Exist in local ordinances or codes; or
  - "(ii) Differ, in the prevailing practice of a particular trade or occupation, from the United States Department of Labor's description of residential construction.
    - "SECTION 3. ORS 279C.825 is amended to read:
  - "279C.825. (1)(a) The Commissioner of the Bureau of Labor and Industries[,] by rule[,] shall establish a fee to be paid by the public agency **or public agencies** that [awards] **award** a public works contract subject to ORS 279C.800 to 279C.870.
  - "(b) The sponsor or sponsors of the enterprise zone in which a public works is or will be located shall pay a fee in the amount of \$5,000.
  - "(2)(a) If more than one public agency is involved in awarding a contract for public works subject to ORS 279C.800 to 279C.870, the public agencies involved shall agree which public agencies shall pay the fee and in what amounts. If the public agencies do not agree, the public agencies involved shall pay a proportional share of the fee based on the amount of public funds each public agency provides for the contract or the amount of space each public agency occupies or uses in the public works.
  - "(b) If more than one sponsor has participated in the designation of an enterprise zone in which a public works subject to ORS 279C.800 to 279C.870 is located, the participating

- sponsors shall agree which sponsors shall pay the fee and in what amounts. If the sponsors do not agree, the sponsors are jointly and severally liable for paying the fee.
- "(3) The commissioner shall use the proceeds of the fee [shall be used] to pay the costs of:
- "[(A)] (a) Surveys to determine the prevailing rates of wage;

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- 5 "[(B)] (b) Administering and providing investigations under and enforcement of ORS 279C.800 to 279C.870; and
- 7 "[(C)] (c) Providing educational programs on public contracting law under the Public Contract-8 ing Code.
  - "[(b)] (4) Except as provided in subsection (1)(b) of this section, the fee [shall be] is 0.1 percent of the contract price. [However, in no event may] A fee may not be charged and collected under this subsection that is more than \$5,000 or less than \$100.
  - "[(2)] (5) The commissioner shall pay moneys received under this section into the State Treasury. The moneys shall be credited to the Prevailing Wage Education and Enforcement Account created by ORS 651.185.
  - "[(3)] (6)(a) [The] A public agency shall pay the fee at the time the public agency [enters into the public works contract] notifies the commissioner under ORS 279C.835 that a contract subject to the provisions of ORS 279C.800 to 279C.870 has been awarded.
  - "(b) A sponsor shall pay the fee at the time the sponsor notifies the commissioner under ORS 279C.835 that the sponsor approved, under ORS 285C.140, an eligible business firm's application to have qualified property that is a public works and that is in the sponsor's enterprise zone exempted from ad valorem property taxation.
    - "SECTION 4. Section 8, chapter 844, Oregon Laws 2007, is amended to read:
  - "Sec. 8. Notwithstanding the maximum and minimum fee amounts set forth in ORS 279C.825 [(1)(b)] (4), for public works contracts entered into on or after [the effective date of this 2007 Act] January 1, 2008, and before January 1, 2011, the fee charged and collected may not be more than \$7,500 or less than \$250.
    - "SECTION 5. ORS 279C.827 is amended to read:
  - "279C.827. (1)(a) A public agency or a person that is required under ORS 279C.800 to 279C.870 to pay a prevailing rate of wage on a public works may not divide a public works project into more than one contract for the purpose of avoiding compliance with ORS 279C.800 to 279C.870.
  - "(b) When the Commissioner of the Bureau of Labor and Industries determines that a public agency or a person that is required under ORS 279C.800 to 279C.870 to pay a prevailing rate of wage on a public works has divided a public works project into more than one contract for the purpose of avoiding compliance with ORS 279C.800 to 279C.870, the commissioner shall issue an order compelling compliance.
  - "(c) In making determinations under this subsection, the commissioner shall consider:
    - "(A) The physical separation of the project structures;
    - "(B) The timing of the work on project phases or structures;
- 40 "(C) The continuity of project contractors and subcontractors working on project parts or 41 phases;
- 42 "(D) The manner in which the public agency and the contractors administer and implement the 43 project;
- 44 "(E) Whether a single public works project includes several types of improvements or structures; 45 and

- "(F) Whether the combined improvements or structures have an overall purpose or function.
- "(2) If a project is a public works of the type described in ORS 279C.800 (6)(a)(B) or (C), the commissioner, after applying the considerations set forth in subsection (1)(c) of this section, shall divide the project, if appropriate, [after applying the considerations set forth in subsection (1)(c) of this section] to separate the parts of the project that [include] use funds of a public agency or that [will be occupied or used by] a public agency will occupy or use from the parts of the project that do not [include] use funds of a public agency and that a public agency will not occupy or use [be occupied or used by a public agency]. If the commissioner divides the project, any part of the project that does not [include] use funds of a public agency and that [will not be occupied or used by] a public agency will not occupy or use is not subject to ORS 279C.800 to 279C.870.
- "(3) If a project includes parts that [are owned by] a public agency owns and parts that [are owned by] a private entity owns, the commissioner, after applying the considerations set forth in subsection (1)(c) of this section, shall divide the project, if appropriate, [after applying the considerations set forth in subsections (1)(c) and (2) of this section] to separate the parts of the project that are public works from the parts of the project that are not public works. If the commissioner divides the project, parts of the project that are not public works are not subject to ORS 279C.800 to 279C.870.

## "SECTION 6. ORS 279C.830 is amended to read:

"279C.830. (1)(a) Except as provided in paragraph (d) of this subsection, the specifications for every contract for public works shall contain a provision stating the existing state prevailing rate of wage and, if applicable, the federal prevailing rate of wage required under the Davis-Bacon Act (40 U.S.C. 3141 et seq.) that [may] must be paid to workers in each trade or occupation required for the public works employed in the performance of the contract either by the contractor or subcontractor or other person doing or contracting to do the whole or any part of the work contemplated by the contract. [When] If the prevailing rates of wage are available electronically or are accessible on the Internet, the rates may be incorporated into the specifications by referring to the electronically accessible or Internet-accessible rates and by providing adequate information about how to access the rates.

- "(b) If a public agency is required under paragraph (a) of this subsection to include the state and federal prevailing rates of wage in the specifications, the public agency also shall include in the specifications information [showing] **that shows** which prevailing rate of wage is higher for workers in each trade or occupation in each locality, as determined by the Commissioner of the Bureau of Labor and Industries under ORS 279C.815 (2)(c).
- "(c) Every contract and subcontract shall contain a provision that the workers shall be paid not less than the specified minimum hourly rate of wage in accordance with ORS 279C.838 and 279C.840.
- "(d) A public works project described in ORS 279C.800 (6)(a)(B) or (C) is subject to the existing state prevailing rate of wage or, if applicable, the federal prevailing rate of wage required under the Davis-Bacon Act that is in effect at the time a public agency enters into an agreement with a private entity for the project. After that time, the specifications for [any] a contract for the public works shall include the applicable prevailing rate of wage.
- "[(2) The specifications for every contract for public works between a public agency and a contractor shall contain a provision stating that a fee is required to be paid to the Commissioner of the Bureau of Labor and Industries as provided in ORS 279C.825 (1). The contract shall contain a provision that the fee shall be paid to the commissioner under the administrative rule of the commissioner.]

- "[(3)] (2) The specifications for every contract for public works shall contain a provision stating that the contractor and every subcontractor must have a public works bond filed with the Construction Contractors Board before starting work on the project, unless **the contractor or subcontractor is** exempt under ORS 279C.836 (4), (7), (8) or (9). Every contract [awarded by a contracting agency] **for public works** shall contain a provision requiring the contractor:
- "(a) To have a public works bond filed with the Construction Contractors Board before starting work on the project, unless **the contractor is** exempt under ORS 279C.836 (4), (7), (8) or (9).
- "(b) To include in every subcontract a provision requiring the subcontractor to have a public works bond filed with the Construction Contractors Board before starting work on the project, unless **the subcontractor is** exempt under ORS 279C.836 (4), (7), (8) or (9).

## "SECTION 7. ORS 279C.835 is amended to read:

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"279C.835. (1)(a) [Public agencies] A public agency shall notify the Commissioner of the Bureau of Labor and Industries in writing, on a form prescribed by the commissioner, whenever a contract subject to the provisions of ORS 279C.800 to 279C.870 has been awarded.

- "(b) A sponsor shall notify the commissioner in writing, on a form prescribed by the commissioner, whenever the sponsor approves, under ORS 285C.140, an eligible business firm's application to have qualified property that is a public work and is in the sponsor's enterprise zone exempted from ad valorem property taxation.
- "(2)(a) [The] A notification under subsection (1)(a) of this section shall be made within 30 days [of] after the date [that] on which the contract is awarded.
- "(b) A notification under subsection (1)(b) of this section shall be made within 30 days after the date on which the sponsor approves, under ORS 285C.140, an eligible business firm's application to have qualified property exempted from ad valorem property taxation.
- "(c) [The] A notification under subsection (1) of this section shall include payment of the fee required under ORS 279C.825. A notification under subsection (1)(a) of this section shall also include a copy of the disclosure of first-tier subcontractors that was submitted under ORS 279C.370.

## "SECTION 8. ORS 279C.845 is amended to read:

"279C.845. (1) [The] A contractor or [the] contractor's surety and every subcontractor or [the] subcontractor's surety shall file certified statements [with the public agency] in writing, on a form prescribed by the Commissioner of the Bureau of Labor and Industries, [certifying] with:

- "(a) The public agency that awarded the contract for public works to which the contractor is a party. If the project is a public works as defined in ORS 279C.800 (6)(a)(B) or (C), the contractor shall submit the certified statements to the public agency that provided public funds for the project or that will occupy 25 percent or more of the square footage of the completed project. If more than one public agency provided public funds for the project or will occupy 25 percent or more of the square footage of the completed project, the public agencies involved shall agree upon which public agency will receive the certified statements.
- "(b) The sponsor of the enterprise zone in which the public works project is located. If more than one sponsor participated in designating the enterprise zone, the participating sponsors shall agree upon which sponsor shall receive the certified statements.

#### "(2) The statements must certify:

- "(a) The hourly rate of wage paid each worker whom the contractor or the subcontractor has employed upon the public works; and
  - "(b) That no worker employed upon the public works has been paid less than the prevailing rate

of wage or less than the minimum hourly rate of wage specified in the contract.

"[(2)] (3) The certified [statement] statements shall be verified by the oath of the contractor or the contractor's surety or subcontractor or the subcontractor's surety that the contractor or subcontractor has read the certified [statement] statements and knows the contents [thereof] of the certified statements and that the [same is] certified statements are true to the contractor or subcontractor's knowledge.

- "[(3)] (4) The certified statements shall set out accurately and completely the payroll records for the prior week, including the name and address of each worker, the worker's correct classification, rate of pay, daily and weekly number of hours worked, deductions made and actual wages paid.
- "[(4)] (5) The contractor or subcontractor shall deliver or mail [each] the certified [statement] statements required by subsection (1) of this section to the public agency or to the sponsor. Certified statements for each week during which the contractor or subcontractor employs a worker upon the public works shall be submitted once a month, by the fifth business day of the following month. Information submitted on certified statements may be used only to ensure compliance with the provisions of ORS 279C.800 to 279C.870.
- "[(5)] (6) Each contractor or subcontractor shall preserve the certified statements for a period of three years from the date of completion of the contract.
- "[(6)] (7) Certified statements received by a public agency or a sponsor are public records subject to the provisions of ORS 192.410 to 192.505.
- "[(7)] (8) Notwithstanding ORS 279C.555 or 279C.570 (7), if a contractor is required to file certified statements with a public agency under this section, the public agency shall retain 25 percent of any amount earned by the contractor on the public works until the contractor has filed with the public agency certified statements as required by this section. The public agency shall pay the contractor the amount retained under this subsection within 14 days after the contractor files the certified statements as required by this section, regardless of whether a subcontractor has failed to file certified statements as required by this section. [The public agency is not required to verify the truth of the contents of certified statements filed by the contractor under this section.]
- "[(8)] (9) Notwithstanding ORS 279C.555, the contractor shall retain 25 percent of any amount earned by a first-tier subcontractor on a public works until the subcontractor has filed with the public agency certified statements as required by this section. The contractor shall verify that the first-tier subcontractor has filed the certified statements before the contractor may pay the subcontractor any amount retained under this subsection. The contractor shall pay the first-tier subcontractor the amount retained under this subsection within 14 days after the subcontractor files the certified statements as required by this section. [Neither the public agency nor the contractor is required to verify the truth of the contents of certified statements filed by a first-tier subcontractor under this section.]
  - "(10) This section does not require:
- "(a) A public agency or a sponsor to verify the truth of the contents of a contractor's certified statements; or
- "(b) A public agency, sponsor or contractor to verify the truth of the contents of a subcontractor's certified statements.
  - "SECTION 9. ORS 651.170 is amended to read:
- "651.170. The Commissioner of the Bureau of Labor and Industries may incur [such expense] **expenses** and employ [such] clerical aids as [may be] necessary to carry out ORS [279C.830 (2),] 651.030, 651.050, 651.060 and 651.120. The Oregon Department of Administrative Services may draw

warrants on the State Treasurer [for the payment of such expense] to pay the expenses upon properly verified vouchers approved by the commissioner. However, [such expense shall] the expenses may not exceed at any time the amount appropriated [therefor] for the expenses.

"SECTION 10. The amendments to ORS 279C.800, 279C.810, 279C.825, 279C.827, 279C.830, 279C.835, 279C.845 and 651.170 and section 8, chapter 844, Oregon Laws 2007, by sections 1 to 9 of this 2009 Act apply to contracts for public works first advertised or otherwise solicited or, if not advertised or solicited, first entered into on or after the operative date specified in section 11 (1) of this 2009 Act.

"SECTION 11. (1) The amendments to ORS 279C.800, 279C.810, 279C.825, 279C.827, 279C.830, 279C.835, 279C.845 and 651.170 and section 8, chapter 844, Oregon Laws 2007, by sections 1 to 9 of this 2009 Act become operative 90 days after the effective date of this 2009 Act.

"(2) The Commissioner of the Bureau of Labor and Industries may take any action before the operative date set forth in subsection (1) of this section that is necessary to enable the commissioner to exercise, on and after the operative date set forth in subsection (1) of this section, all the duties, functions and powers conferred on the commissioner by the amendments to ORS 279C.800, 279C.810, 279C.825, 279C.827, 279C.830, 279C.835, 279C.845 and 651.170 and section 8, chapter 844, Oregon Laws 2007, by sections 1 to 9 of this 2009 Act.

"SECTION 12. This 2009 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect on its passage.".