



Oregon

John A. Kitzhaber, M.D., Governor

Department of Transportation

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DATE: April 3, 2013

TO: Senate Committee on General Government, Consumer
and Small Business Protection

FROM: Paul Mather
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SUBJECT: SB 785

INTRODUCTION

Senate Bill 785 requires agencies that use bond proceeds to fund capital projects to report on the use of goods, services and labor that originated in Oregon.

DISCUSSION

The Oregon Department of Transportation uses public financing to fund projects in the Oregon Transportation Investment Act (OTIA), *ConnectOregon*, and Jobs and Transportation Act (JTA) programs. Senate Bill 785 would require ODOT to report biennially in even numbered years when the agency has used bond proceeds for capital construction in the preceding biennium. The bill would become effective on January 1, 2014, which means a report would be required by December 1, 2014 on funds used during the 2013-2015 biennium.

The information about Oregon labor, goods and services required by the bill would be collected by contractors and suppliers performing the work. Since the information is not currently collected, ODOT would need to modify existing contracts to require contractors to collect and report the data beginning with funds spent on July 1, 2013. To minimize implementation costs, ODOT suggests the bill be amended to apply to contracts that are advertised for bid after the effective date of the bill.

Federal Buy America provisions apply to projects with federal funds, generally requiring that steel and iron be produced in the United States with limited exceptions related to cost, quality and availability. ODOT has experience with these provisions of federal law.

Federal requirements prohibit states from establishing an in-state contractor, labor and materials preferences when federal funds are used. While Senate Bill 785 does not require the use of Oregon labor, goods and services, ODOT would need to be cautious to ensure it remains in compliance with federal regulations, should reports lead to an effort to use Oregon labor, goods and services.

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Senate Bill 785 also requires local governments to report on the use of Oregon labor, goods and services from their expenditure from local government financing. Because ODOT and local governments often work in partnership, the local government reporting requirements may lead to confusion about responsibility for reporting and to double counting. The bill could be revised to clarify reporting responsibility for joint projects.

SUMMARY

Senate Bill 785 would require ODOT to report on the use of Oregon labor, goods and services on OTIA, *ConnectOregon* and JTA projects. ODOT would need to modify existing contracts to collect the data from contractors and suppliers.