

April 10, 2013

Representative Margaret Doherty  
Chair, House Business & Labor Committee  
Oregon State Capitol  
900 Court Street NE  
Salem, OR 97301

MEASURE: HB 3473  
EXHIBIT: 4  
H BUSINESS & LABOR  
DATE: 4/10/2013 PAGES: 2  
SUBMITTED BY: Mark Landauer

Chair Doherty and Members of the House Business & Labor Committee:

The Special Districts Association of Oregon (SDAO) has approximately 950 single service local government district members that provide a variety of services including municipal drinking water, sanitary, sewer and storm water treatment, libraries, fire districts, parks and recreation districts, to name a few. The Oregon Public Ports Association represents all 23 public ports in the State of Oregon from Brookings Harbor just north of the California boarder up to Astoria and East along the Columbia River up to the Port of Umatilla.

At the outset, I want to express our understanding of the attractiveness of bills that provide preferences for Oregon manufactured, processed and grown commodities. It would also seem to make sense to support bills that require the use of public funds to buy these commodities from US manufacturers. Our members support growing our economy and ensuring that our citizens have access to well paying, family wage jobs here in Oregon and the United States. However, SDAO and the OPPA oppose HB 3473 for a variety of reasons.

Our districts and ports attempt to stretch every dollar to ensure that our citizens and customers are receiving the best service at the least cost. This is true for operational and service delivery costs as well as public works related costs. However, despite the good intentions of the proponents of this bill we believe that it will result in a net increase of costs to the public for public works projects, and potentially lead to construction delays and bid challenges. Furthermore the bill leaves a key word undefined and provides no guidance on the remedies if the law is for whatever reason violated.

The bill will likely result in greater costs to the taxpayers of Oregon because it expressly requires public contracting agencies to ensure that American steel, iron and manufactured goods are used in the construction of public works projects in excess of \$50,000 provided that the steel, iron and/or manufactured goods do not cost more than 25% of similarly made products. The problem with this, of course, is that this requirement, we believe, will drive up the costs of public construction, thereby resulting in less construction overall. Is that what we really want to do, particularly when the construction industry and workers have been struggling for the last sever years? We believe that adding a 25% premium is counter-productive to Oregon's construction industry and also results in our taxpayers paying more for public works projects in general.